



RATINGS:

Series A Note Participations

Fitch: "F1+"

Moody's: "MIG 1"

S&P: "SP-1+"

Series B-1 Note Participations

S&P: "SP-1+"

Series B-2 Note Participations

S&P: "SP-1+"

(See "RATINGS" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Participants, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes represented by the Note Participations and excluded from gross income may depend on the taxpayer's election under Internal Revenue Service Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes represented by the Note Participations is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Note Participations. See "TAX MATTERS" herein.

\$181,295,000

**COUNTY OF SAN DIEGO AND SAN DIEGO COUNTY SCHOOL DISTRICTS
TAX AND REVENUE ANTICIPATION NOTE PROGRAM
NOTE PARTICIPATIONS, SERIES 2011**

Evidencing and Representing Proportionate and Undivided Interests of the Owners Thereof
in 2011-12 Tax and Revenue Anticipation Notes of the County of San Diego, California and
Certain School Districts within San Diego County

\$50,000,000**Series A****Interest Rate: 2.00%****Yield: 0.26%****Due: June 29, 2012****CUSIP†: 797381 BD1****\$31,545,000****Series B-1****Interest Rate: 2.00%****Yield: 0.47%****Due: January 31, 2012****CUSIP†: 797381 BE9****\$99,750,000****Series B-2****Interest Rate: 2.00%****Yield: 0.57%****Due: April 30, 2012****CUSIP†: 797381 BF6****Dated: July 1, 2011**

Each Series of the Note Participations (as hereinafter defined) will be delivered as fully registered certificates, without coupons, and when delivered will be registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee. DTC will act as securities depository for the Note Participations. Individual purchases of beneficial interests in the Note Participations will be made in book-entry form only and in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such beneficial interests will not receive physical delivery of the Note Participations. Principal of and interest on the Notes represented by the Note Participations will be payable on the applicable maturity date set forth above by the Trustee to DTC. DTC will in turn remit such principal and interest to the DTC Participants (as hereinafter defined), who will in turn remit such principal and interest to the Beneficial Owners (as hereinafter defined) of the Note Participations. See "DESCRIPTION OF THE NOTE PARTICIPATIONS – Book - Entry System" herein.

The Note Participations will not be subject to prepayment prior to maturity.

The Note Participations of each Series are being issued pursuant to the terms of three separate Trust Agreements, each dated as of July 1, 2011 (each a "Trust Agreement" and collectively the "Trust Agreements"), the first of which is by and between the County of San Diego (the "County" or the "Series A Participant") and Wells Fargo Bank, National Association (the "Trustee") (the "Series A Trust Agreement") with respect to \$50,000,000 Series A Note Participations (the "Series A Note Participations"), the second of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-1 Participants") and the Trustee (the "Series B-1 Trust Agreement") with respect to \$31,545,000 Series B-1 Note Participations (the "Series B-1 Note Participations"), and the third of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-2 Participants") and, together with the Series B-1 Participants, the "Series B Participants"; the Series A Participant and the Series B Participants are referred to herein as the "Participants" and the Trustee (the "Series B-2 Trust Agreement" and, together with the Series A Trust Agreement and the Series B-1 Trust Agreement, the "Trust Agreements") with respect to \$99,750,000 Series B-2 Note Participations (the "Series B-2 Note Participations" and, together with the Series B-1 Note Participations, the "Series B Note Participations"; the Series A Note Participations and the Series B Note Participations are referred to herein as the "Note Participations"). Each Series of the Note Participations matures on the applicable maturity date set forth above, and evidences and represents a proportionate and undivided interest in certain designated 2011-12 Tax and Revenue Anticipation Notes (individually, a "Note" and collectively, the "Notes") issued by the County on behalf of all Participants, and debt service payments on the Notes to be made by the Participants. The Notes are being issued to provide operating cash for the Participants' working capital expenditures and the investment and reinvestment of funds for the Participants prior to the receipt of anticipated tax payments and other revenues provided for or attributable to Fiscal Year 2011-12. Each Participant has pledged certain Unrestricted Revenues as described herein for the payment of the principal of and interest on its respective Note, provided that no Participant has any obligation to pay the principal of or interest on the Note of any other Participant. The Notes are general obligations of the respective Participants and, to the extent the Notes are not paid from revenues pledged for the payment of the Notes, the Notes shall be paid with interest thereon from any other moneys of the Participants lawfully available therefor.

Payments by a Participant of the principal of and interest on its Note shall fully discharge the obligation of such Participant to the Owners of the Note Participations, notwithstanding nonpayment by one or more other Participants. **The obligation of each Participant is a several and not a joint obligation and is strictly limited to such Participant's repayment obligation under its applicable Note Resolution and Note.**

THE NOTE PARTICIPATIONS ARE LIMITED OBLIGATIONS OF EACH PARTICIPANT PAYABLE SOLELY FROM CERTAIN FUNDS PLEDGED UNDER THE APPLICABLE TRUST AGREEMENT. THE OBLIGATION OF EACH PARTICIPANT TO PAY PRINCIPAL OF AND INTEREST ON THE NOTE PARTICIPATIONS DOES NOT CONSTITUTE A DEBT OF THE PARTICIPANT, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Note Participations will be offered in book-entry form when, and if executed and delivered, subject to approval as to their legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. It is anticipated that the Note Participations, in book-entry form, will be available for delivery through the facilities of DTC on or about July 1, 2011.

Citi**De La Rosa & Co.****Dated: June 1, 2011**

† CUSIP data, American Bankers Association. CUSIP data are set forth for convenience of reference only. Neither the County, the Districts nor the Underwriters assume any responsibility for the accuracy of such data.

SERIES A NOTE PARTICIPANT

County of San Diego

SERIES B-1 NOTE PARTICIPANTS

Cardiff School District
Encinitas Union School District
San Marcos Unified School District
Sweetwater Union High School District

SERIES B-2 NOTE PARTICIPANTS

Alpine Union School District
Carlsbad Unified School District
Chula Vista Elementary School District
Fallbrook Union High School District
Grossmont Union High School District
Jamul-Dulzura Union School District
La Mesa-Spring Valley School District
Oceanside Unified School District
Ramona Unified School District
San Dieguito Union High School District
San Ysidro School District
Santee Elementary School District

**COUNTY OF SAN DIEGO
BOARD OF SUPERVISORS**

Greg Cox	First District
Dianne Jacob	Second District
Pam Slater-Price	Third District
Ron Roberts, Vice Chairman	Fourth District
Bill Horn, Chairman	Fifth District

COUNTY OFFICIALS

Walter F. Ekard, *Chief Administrative Officer*
Dan McAllister, *Treasurer – Tax Collector*
Donald F. Steuer, *Chief Financial Officer*
Tracy M. Sandoval, *Auditor & Controller*
Thomas E. Montgomery, *County Counsel*

SPECIAL SERVICES

Bond Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Financial Advisor to School District Participants

Government Financial Strategies inc.
Sacramento, California

Trustee

Wells Fargo Bank, National Association
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offers made hereby and, if given or made, such information or representation must not be relied upon as having been authorized by the Participants. This Official Statement does not constitute an offer to sell the Note Participations in any state or other jurisdiction to any person to whom it is unlawful to make such an offer in such state or jurisdiction.

This Official Statement is not to be construed as a contract with the purchasers of the Note Participations. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

The information set forth herein has been provided by the Participants and other sources that are believed by the Participants to be reliable. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Participants since the date hereof. This Official Statement is submitted with respect to the sale of the Note Participations referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the County. All summaries of the Note Participations, the Notes, the Note Resolutions, the Trust Agreements, the Guaranteed Investment Contract, if any (each as defined herein), and other documents, are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the Participants.

This Official Statement is submitted in connection with the execution and delivery of the Note Participations referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTE PARTICIPATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTE PARTICIPATIONS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE TRANSACTION.....	3
DESCRIPTION OF THE NOTE PARTICIPATIONS	4
The Note Participations	4
Book-Entry System	4
SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS.....	6
The Notes.....	6
Pledged Revenues.....	7
Payment Accounts	8
Expedited Procedure for Deposits into Payment Accounts.....	8
Additional Notes.....	9
SUMMARY OF THE NOTE RESOLUTIONS	9
Covenants of the Participants	9
Events of Default.....	10
Remedies	11
SUMMARY OF THE TRUST AGREEMENTS.....	11
General	11
Deposit of the Notes, Note Proceeds and Note Payments.....	11
Investments.....	12
Events of Default.....	13
Application of Funds Upon Event of Default.....	14
INVESTMENT OF PARTICIPANT FUNDS	15
THE PARTICIPANTS.....	15
LIMITATIONS ON REMEDIES	16
TAX MATTERS.....	17
LITIGATION.....	19
RATINGS	19
LEGAL MATTERS.....	19
UNDERWRITING	20
FINANCIAL ADVISOR	20
CONTINUING DISCLOSURE.....	20
MISCELLANEOUS	22
APPENDIX A - COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION.....	A-1
APPENDIX B - INFORMATION REGARDING THE DISTRICTS	B-1
APPENDIX C - 2011-12 CASH FLOW PROJECTIONS OF THE DISTRICTS.....	C-1
APPENDIX D - 2011-12 CASH FLOW PROJECTIONS OF THE COUNTY	D-1
APPENDIX E - SCHEDULE OF PLEDGED REVENUE DEPOSITS	E-1
APPENDIX F - FORM OF BOND COUNSEL APPROVING OPINION.....	F-1
APPENDIX G - PARTICIPANT NOTE AMOUNTS AND COVERAGE ANALYSIS.....	G-1

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\$181,295,000
COUNTY OF SAN DIEGO AND SAN DIEGO COUNTY SCHOOL DISTRICTS
TAX AND REVENUE ANTICIPATION NOTE PROGRAM
NOTE PARTICIPATIONS, SERIES 2011

Evidencing and Representing Proportionate and Undivided Interests of the Owners Thereof
in 2011-12 Tax and Revenue Anticipation Notes of the County of San Diego, California and
Certain School Districts within San Diego County

\$50,000,000
SERIES A

\$31,545,000
SERIES B-1

\$99,750,000
SERIES B-2

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and is qualified by a more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein. References to and summaries of provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions.

This Official Statement, including the cover page, table of contents and appendices, sets forth certain information concerning the \$181,295,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program Note Participations, Series 2011 comprised of \$50,000,000 Series A Note Participations maturing on June 29, 2012 (the "Series A Note Participations"), \$31,545,000 Series B-1 Note Participations maturing on January 31, 2012 (the "Series B-1 Note Participations") and \$99,750,000 Series B-2 Note Participations maturing on April 30, 2012 (the "Series B-2 Note Participations" and, together with the Series B-1 Note Participations, the "Series B Note Participations"). The Series A Note Participations and the Series B Note Participations are sometimes together referred to as the "Note Participations." Each Series of Note Participations evidences and represents proportionate and undivided interests of the owners thereof in certain 2011-12 Tax and Revenue Anticipation Notes (individually, a "Note" and collectively, the "Notes") issued by the County of San Diego (the "County") on behalf of itself and on behalf of the various school districts, as further described under the "THE PARTICIPANTS" herein (the "Districts" and collectively with the County, the "Participants") located in San Diego County, California, and the debt service payments on the Notes to be made by the Participants. Each Note is issued pursuant to Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Government Code") and in accordance with separate resolutions adopted by the Board of Supervisors of the County (the "Board") on behalf of each Participant (each, a "Note Resolution" and collectively, the "Note Resolutions").

The Note Participations of each Series are being issued pursuant to the terms of three separate Trust Agreements, each dated as of July 1, 2011 (each a "Trust Agreement" and collectively the "Trust Agreements"), the first of which is by and between the County (the "Series A Participant") and Wells Fargo Bank, National Association (the "Trustee") (the "Series A Trust Agreement") with respect to the Series A Note Participations, the second of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-1 Participants") and the Trustee (the "Series B-1 Trust Agreement") with respect to the Series B-1 Note Participations, the third of which is by and among the County, certain of the Districts identified herein under "THE PARTICIPANTS" (the "Series B-2 Participants" and, together with the Series B-1 Participants, the "Series B Participants"; the Series A Participant and the Series B Participants are referred to herein as the "Participants") and the Trustee (the "Series B-2 Trust Agreement" and, together with the Series A Trust Agreement and the Series B-1 Trust Agreement, the "Trust Agreements") with respect to the Series B-2 Note Participations.

The Participants will determine the principal amount of their respective Notes upon execution by the County on behalf of all Participants of a Contract of Purchase (the "Purchase Contract"). See APPENDIX A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION" and APPENDICES B, C and D for a summary description of certain information respecting each Participant.

The Note Participations will be executed and delivered in an aggregate principal amount equal to the aggregate principal amount of the Notes. The Notes represented by the Series A Note Participations are being issued to provide operating cash for the County's current working capital expenditures, capital expenditures and the investment and reinvestment of funds prior to the receipt of anticipated tax payments and other revenues. The Notes represented by the Series B Note Participations are being issued to provide operating cash for the current working capital expenditures, capital expenditures and the investment and reinvestment of funds prior to the receipt of anticipated tax payments and other revenues for the respective Districts. Imbalances in the Participants' cash flows, resulting from the timing of expenditures and receipts, require that the Participants borrow funds to meet all scheduled disbursements, including current expenses, capital expenditures, and the discharge of other obligations or indebtedness of the Participants.

Each Participant has pledged, pursuant to Section 53856 of the Government Code and its respective Note Resolution for the payment of principal of and interest on its respective Note, certain Unrestricted Revenues (as hereinafter defined, the "Pledged Revenues") which are received, accrued or held by the Participant and are attributable to the 2011-12 Fiscal Year, and the principal of its Note and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Participant from such Pledged Revenues and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Participant provided for or attributable to the 2011-12 Fiscal Year and available therefor (all as provided for in Sections 53856 and 53857 of the Government Code). The term "Unrestricted Revenues" shall mean all taxes, income, revenue (including, but not limited to, revenue from the State and federal governments), cash receipts, and other moneys, which are generally available for the payment of current expenses and other obligations of the Participant. The Owners (as defined below) shall have a first lien and charge on such Unrestricted Revenues as provided in the respective Trust Agreement which are received, accrued or held by the Participant and are attributable to the 2011-12 Fiscal Year. Notwithstanding the foregoing, the terms "Unrestricted Revenues" and "Pledged Revenues" shall exclude moneys which, when received by the Participant, will be encumbered for a special purpose unless an equivalent amount of the proceeds of the related Participant's Note is set aside and used for said special purpose. **Notwithstanding the foregoing, Unrestricted Revenues pledged by the Participants to the payment of the Notes represented by their respective Participations as Pledged Revenues shall not include any amounts pledged by the Participants to the payment of any temporary transfer of funds by the Treasurer-Tax Collector of the County (the "Treasurer-Tax Collector") pursuant to Section 6 of Article XVI of the California Constitution (the "Temporary Transfers"), which transfers are referred to as Treasurer's Loans from time to time.**

Each Participant has agreed pursuant to its respective Note Resolution to cause to be deposited with the Trustee an amount, together with interest earnings thereon, equal to the principal amount of and interest due on its respective Note from Pledged Revenues received by the Participant in certain sequentially numbered Repayment Months (as defined in the respective Trust Agreements and in the respective Notes). See "SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS" below.

No Participant has any obligation to pay the principal of or interest on the Note of any other Participant. The Notes are general obligations of the respective Participants and, to the extent the Notes are not paid from such Pledged Revenues, the Notes shall be paid, with interest thereon, from

any other moneys of the respective Participants lawfully available therefor pursuant to Section 53857 of the Government Code. The obligation of each Participant is a several and not a joint obligation and is strictly limited to such Participant's repayment obligation under its applicable Note Resolution and Note. See "SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS" herein.

The Participants may issue, upon satisfaction of certain conditions in the Participant's respective authorizing resolutions, additional notes secured by a pledge of Pledged Revenues on a parity with or subordinate to the pledge of Pledged Revenues for the Notes. See "SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS."

All quotations from and summaries and explanations of provisions of the laws of the State of California (the "State") and acts and proceedings of the Participants contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Note Participations, the Notes, the Note Resolutions and the proceedings of the Participants relating thereto, are qualified in their entirety by reference to the definitive forms of the Note Participations, the Notes and such proceedings. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the respective Trust Agreement and, where the context indicates, the respective Note Resolution.

THE TRANSACTION

On the date of issuance of the Notes and the execution and delivery of the Note Participations (the "Closing Date") the following transactions shall occur simultaneously in accordance with the respective Trust Agreement: (a) the County shall deposit each respective Note, on behalf of itself and/or of each Participant, in trust with the Trustee, who shall hold such Notes in trust until their maturity; (b) the Trustee shall execute and deliver the related Note Participations, registered in the name of The Depository Trust Company, New York, New York ("DTC"), or its nominee, for the benefit of the beneficial owners of interests in the Note Participations described herein ("Beneficial Owners"); and (c) the proceeds of the Note Participations shall be deposited and disbursed as set forth in the respective Trust Agreement.

The purchase price for the Notes shall be derived solely from the proceeds received from the sale of the Note Participations, which shall be an amount equal to the principal amount of the Notes, less any discount and plus any premium. The Note Participations shall represent undivided, proportionate interests in the Notes and the debt service payments to be made by the Participants under the Notes. Principal and interest payments made by the Participants to the Trustee shall be remitted by wire transfer to DTC or its nominee which in turn will remit such payments to participants in DTC ("DTC Participants") for subsequent disbursement to the Beneficial Owners. See "DESCRIPTION OF THE NOTE PARTICIPATIONS – Book-Entry System" herein. Pursuant to the applicable Trust Agreement, the Trustee agrees to transfer all such debt service payments as may be received from the related Participants to DTC, as Registered Owner of the Note Participations (the "Owner"), and the Trustee agrees to hold the Notes until their maturity for the benefit of the Beneficial Owners. Neither the Trustee nor the Participants shall have any further liability with respect to payments of principal of and interest on the Notes represented by the Note Participations or any fiduciary responsibility to the Owners or the Beneficial Owners except as expressly set forth in the applicable Trust Agreement or the terms of the Note Participations. See "SUMMARY OF THE TRUST AGREEMENTS" herein.

DESCRIPTION OF THE NOTE PARTICIPATIONS

The Note Participations

Each Series of Note Participations will be executed and delivered as fully registered certificates, without coupons. The Note Participations will be dated, will mature and will have an interest component calculated at the rates per annum, all as shown on the cover page hereof. Principal with respect to the Notes will be payable on the applicable Maturity Date (as defined in each Participant's Note). Principal and interest with respect to the Notes will be payable on their respective Maturity Dates (as defined in each Participant's Note). Principal of and interest due on each Series of the Notes represented by the respective Note Participations will be payable by the Trustee to DTC, which will in turn remit such principal and interest to the DTC Participants. It is the responsibility of the DTC Participants to remit such principal and interest to the Beneficial Owners. See "Book-Entry System" below. The Note Participations and the Notes evidenced thereby are not subject to redemption prior to maturity.

Book-Entry System

The information hereunder concerning DTC and DTC's book-entry system has been obtained from DTC and the Participants; the Trustee and the Underwriters (herein defined) take no responsibility for the completeness or accuracy thereof. The Participants, the Trustee and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest and principal with respect to the Note Participations, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Note Participations, or (c) notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Note Participations, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described hereunder. The current "Rules" applicable to DTC are on file with the U.S. Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Note Participations. The Note Participations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note Participation certificate will be issued for each series of the Note Participations, each in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks,

trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s (“Standard & Poor’s”) highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Note Participations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Note Participations on DTC’s records. The ownership interest of each actual purchaser of each Note Participation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Note Participations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Note Participations, except in the event that use of the book-entry system for the Note Participations is discontinued.

To facilitate subsequent transfers, all Note Participations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Note Participations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Note Participations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Note Participations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Note Participations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Note Participations, such as redemptions, tenders, defaults, and proposed amendments to the Note Participation documents. For example, Beneficial Owners of the Note Participations may wish to ascertain that the nominee holding the Note Participations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Note Participations within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Note Participations unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Participants as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Note Participations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Note Participations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit

Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Participants or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Participants, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Participants or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE PARTICIPANTS NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF NOTE PARTICIPATIONS FOR PREPAYMENT.

The Participants, the Trustee and the Underwriters cannot or do not give any assurances that DTC, the DTC Participants or others will distribute payments of principal or interest on the Note Participations paid to DTC or its nominee as the registered owner, or will distribute any notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Participants, the Trustee and the Underwriters are not responsible or liable for the failure of DTC or any DTC Participant to make any payment or give any notice to a Beneficial Owner with respect to the Note Participations or an error or delay relating thereto.

DTC may discontinue providing its services as depository with respect to the Note Participations at any time by giving reasonable notice to the Participants or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Note Participation certificates are required to be printed and delivered.

The Participants may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note Participation certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Participants believe to be reliable, but the Participants takes no responsibility for the accuracy thereof.

SOURCES OF PAYMENT FOR THE NOTE PARTICIPATIONS

The Notes

Each Series of Note Participations evidences and represents proportionate and undivided interests in the Series A Notes or Series B Notes, as appropriate, and in debt service payments attributable to such Series of Note Participations to be made thereon by the respective Participants. The Notes are general obligations of the respective Participants and, to the extent not paid from the pledged moneys herein described, shall be paid from any other moneys of the Participants lawfully available therefor. However, except for the Pledged Revenues described herein, the Participants are not prohibited from pledging, encumbering and utilizing other moneys for other purposes and there can be no assurance that such other moneys will be available for the payment of the principal of and interest on the Notes represented by the

Note Participations and the Notes evidenced thereby. **No Participant has any obligation to pay the principal of or interest on the Note of any other Participant.**

The Notes represented by the Series A Note Participations are secured by the Pledged Revenues of the County as described herein. See APPENDIX A – “COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION” for more information on the County.

The Notes represented by the Series B Note Participations are secured by the Pledged Revenues as described herein of the Series B Note Participants. See APPENDIX B – “INFORMATION REGARDING THE DISTRICTS” for more information on the Districts.

Pledged Revenues

As security for the Notes, the Participants have each pledged certain Unrestricted Revenues (as hereinafter defined, the “Pledged Revenues”) which are received, accrued or held by the Participant and are attributable to the 2011-12 Fiscal Year, and the principal of the respective Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the first moneys received by the Participant from such Pledged Revenues, and, to the extent not so paid, shall be paid from any other taxes, income, revenue, cash receipts and other moneys of the Participant provided for or attributable to the 2011-12 Fiscal Year and available therefor (all as provided for in Sections 53856 and 53857 of the Government Code). The term “Unrestricted Revenues” shall mean all taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts, and other moneys, which are generally available for the payment of current expenses and other obligations of the Participant. The Owners shall have a first lien and charge on such Unrestricted Revenues as provided in the respective Trust Agreement which are received, accrued or held by the Participant and are attributable to the 2011-12 Fiscal Year. Notwithstanding the foregoing, the terms “Unrestricted Revenue” and “Pledged Revenues” shall exclude moneys which, when received by a Participant, will be encumbered for a special purpose unless an equivalent amount of the proceeds of its Note is set aside and used for said special purpose. **Notwithstanding the foregoing, Unrestricted Revenues pledged by the County to the payment of the Notes represented by the Series A Note Participations as Pledged Revenues shall not include any amounts pledged by the County to the payment of the Treasurer Temporary Transfers.**

To effect the pledge referred to in the preceding paragraph, each Participant has agreed pursuant to its respective Note Resolution to the establishment and maintenance by the Trustee of a Payment Account as a special fund of such Participant (each, a “Payment Account”) within the Note Participation Payment Fund under the applicable Trust Agreement. Each Participant has agreed to cause to be deposited directly in its Payment Account on the Repayment Dates (as defined in such Participant’s Note) Pledged Revenues until the amount on deposit in such account is equal on the respective Repayment Dates to the percentages of the principal of the Note due at maturity and interest due on the Note on the Payment Dates. Any such deposit may take into consideration anticipated investment earnings on amounts invested in a Permitted Investment, as defined in the applicable Trust Agreement, with a fixed rate of return through the applicable Maturity Date. In the event that on each such Repayment Date, such Participant has not received an amount sufficient to deposit into its Payment Account the full amount of Pledged Revenues, then the amount of any deficiency will be satisfied and made up from any other moneys of such Participant lawfully available for the payment of the principal of its Note and the interest thereon, as and when such other moneys are received or are otherwise legally available. The schedule of Pledged Revenue deposits, including the percentage of aggregate principal and interest to be set aside on the applicable Repayment Dates, is set forth in APPENDIX E – “SCHEDULE OF PLEDGED REVENUE DEPOSITS” attached hereto.

On each Payment Date, the moneys in the respective Payment Accounts shall be transferred by the Trustee, to the extent necessary, to pay the interest on, or principal of and interest on, the Notes, as applicable. In the event that moneys in any Payment Account are insufficient to pay the interest on, or the principal of and interest on, the related Note in full on the applicable Payment Date, moneys in such Payment Account shall be applied first to pay interest on the related Note and second to pay principal of the related Note.

Payment Accounts

In accordance with the provisions of the applicable Trust Agreement, all principal and interest payments on the Notes received by the Trustee shall be held in trust by the Trustee under the terms of the respective Trust Agreement and shall be deposited by it, as and when received, in the appropriate Payment Account within the Note Participation Payment Fund established thereunder, and all money in such fund shall be held in trust by the Trustee for the benefit of the Participant submitting such money until deposited for the payment of principal and interest in connection with the applicable Series of Note Participations, whereupon such money shall be held in trust in such accounts by the Trustee for the benefit and security of the Owners as set forth in the applicable Trust Agreement. Pursuant to each Note Resolution, each Participant is required to deposit amounts with the Trustee on the dates identified as such Participant's Repayment Dates until the amount on deposit in such Participant's Payment Account, taking into consideration anticipated investment earnings thereon to be received by the applicable Maturity Date, is equal in the respective Repayment Months identified in the Pricing Confirmation to the percentages of the interest, or the principal and interest, as applicable, due on such Participant's Note on each Payment Date. Pursuant to each Participant's Note Resolution, the maximum number of Repayment Dates for each Participant shall be six. If any Participant fails to make the required deposits, the Trustee shall as soon as practical (but in any event within five Business Days) notify such Participant of such failure. If the Trustee receives Payment Account deposits from a Participant in excess of the amounts required to pay the principal of and interest due on such Participant's Note on the Principal Payment Date, such excess amounts shall remain in the appropriate Participant's Payment Account in the Note Participation Payment Fund and shall be transferred to such Participant following payment of the amount of Note Participations evidencing and representing such Participant's Note. **The Participants, to the extent they have any interest in such fund, pledge, transfer, assign and grant a lien on and a security interest in the Note Participation Payment Fund and their respective Payment Account therein to the Trustee for the benefit of the Owners. Moneys in any Participant's Payment Account will neither be available nor used in any manner (directly or indirectly) to make up any deficiency in the Payment Account of another Participant or for payment of principal of and interest on any other Participant's Note.**

Expedited Procedure for Deposits into Payment Accounts

Each Participant has covenanted to cause its funds, to the extent available, to be transferred by the County Treasurer-Tax Collector from its general fund at the County Treasurer-Tax Collector's office, or from the Participant's Proceeds Subaccount (as hereinafter defined) held by the Trustee, for deposit and credit to such Participant's Payment Account under the applicable Trust Agreement, in an amount equal to the principal and interest due on the Participant's Note on each Repayment Date. Unless otherwise instructed by the Participant, the Trustee shall first cause the respective Participant's funds, to the extent available, to be transferred from the Participants' general fund at the County Treasurer-Tax Collector's office to the Participant's Payment Account. The Trustee shall cause the balance, if any, required to be transferred in each Repayment Month to be deposited into each Participant's respective Proceeds Subaccount.

Additional Notes

Each Participant may at any time during the 2011-12 Fiscal Year issue or provide for the issuance of an additional note secured by a pledge of Pledged Revenues on a parity with the pledge of Pledged Revenues for the Notes (the "Parity Note"); provided that (i) such Participant shall have received confirmation from each rating agency rating its outstanding Note or Series of Note Participations related to the Note, that the issuance of such Parity Note (or related series of note participation if sold into a pool) will not cause a reduction or withdrawal of such rating agency's rating on the outstanding Note or Series of Note Participations related to the Note, (ii) the maturity date of any such Parity Note shall be later than the Participant's outstanding Note and (iii) such Participant shall have received the written consent of the credit provider, if any, to the issuance of the Parity Note.

Each Participant may also issue, upon satisfaction of certain conditions in the Participant's respective authorizing resolution, additional notes secured by a pledge of Pledged Revenues subordinate to the pledge of Pledged Revenues for the Notes.

SUMMARY OF THE NOTE RESOLUTIONS

Covenants of the Participants

In its respective Note Resolution, each Participant has approved and authorized, on its behalf, the execution of the respective Trust Agreement and its respective Note and has represented or covenanted, among other things, the following:

(A) The Participant has (or will have prior to the issuance of its Note) duly, regularly and properly adopted a preliminary budget for Fiscal Year 2011-12 setting forth expected revenues and expenditures and has complied with all statutory and regulatory requirements with respect to the adoption of such budget. The Participant will (i) duly, regularly and properly prepare and adopt its final budget for the Repayment Fiscal Year, (ii) provide to the credit provider, if any, the financial advisor to the Districts (for Series B Participants) and the Underwriters (or owner of the Series of Note Participations in the event of a private placement), promptly upon adoption, copies of such final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable law pertaining to its budget.

(B) The sum of the principal amount of the Participant's Note plus the interest payable thereon, on the date of its issuance, will not exceed fifty percent (50%) of the estimated amounts of such Participant's uncollected taxes, income, revenue (including, but not limited to, revenue from the State and federal governments), cash receipts, and other moneys to be received or accrued by such Participant for the general fund of such Participant and provided for or attributable to Fiscal Year 2011-12, all of which will be legally available to pay principal of and interest on the Note (exclusive of any moneys required to be used to repay a treasurer's loan, if any).

(C) The Participant has experienced an *ad valorem* property tax collection rate of not less than eighty-five percent (85%) of the average aggregate amount of *ad valorem* property taxes levied within the Participant's boundaries in each of the last five fiscal years for which information is available, and such Participant, as of the date of adoption of its Note Resolution and on the date of issuance of its Note, reasonably expects the County to collect at least eighty-five percent (85%) of such amount for Fiscal Year 2011-12.

(D) The Participant is not currently in default, on any debt obligation and, to the best knowledge of such Participant, has never defaulted on any debt obligation.

(E) The Participant and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of its Note Resolution and its Note.

(F) Except for a Parity Note, if any, the Participant shall not incur any indebtedness secured by a pledge of its Unrestricted Revenues unless such pledge is subordinate in all respects to the pledge of Unrestricted Revenues under its Note Resolution.

(G) The Participant will maintain a positive general fund balance in Fiscal Year 2011-12.

Each of the Series B Participants will further certify that it has funded its Reserve for Economic Uncertainties for Fiscal Year 2010-2011 in at least the minimum amount recommended, and will fund its Reserve for Economic Uncertainties for Fiscal Year 2011-2012 in at least the minimum amount recommended by the State Superintendent of Public Instruction.

Events of Default

Pursuant to each respective Participant's Resolution, if any of the following events occurs, it is defined as and declared to be and to constitute an "Event of Default" under such Note Resolution:

(A) Failure by the Participant to make or cause to be made the deposits to its Payment Account or any other payment required to be paid under its Note Resolution on or before the date on which such deposit or other payment is due and payable;

(B) Failure by the Participant to observe and perform any covenant, condition or agreement on its part to be observed or performed under its Note Resolution, for a period of 15 days after written notice, specifying such failure and requesting that it be remedied, is given to the Participant by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration;

(C) Any warranty, representation or other statement by or on behalf of the Participant contained in its Note Resolution or the Purchase Contract (including its Pricing Confirmation), or in any instrument furnished in compliance with or in reference to its Note Resolution or the Purchase Contract or in connection with its Note, is false or misleading in any material respect;

(D) A petition is filed against the Participant under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Owners' interests;

(E) The Participant files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; and

(F) The Participant admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the Participant or any of its property is appointed by court order or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Owners' interests.

Remedies

Whenever any Event of Default under any Note Resolution shall have happened and be continuing, the Trustee shall, in addition to any other remedies provided under the applicable Note Resolution or by law or under the respective Trust Agreement, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(1) Without declaring the affected Note to be immediately due and payable, require the related Participant to pay to the Trustee, for deposit into the Payment Account of the Participant in the Note Participation Payment Fund under the related Trust Agreement, an amount equal to the principal of its Note and interest thereon to maturity, plus all other amounts due under the related Note Resolution, and upon notice to the Participant the same shall become immediately due and payable by the Participant without further notice or demand; and

(2) Take whatever other action at law or in equity (except for acceleration of payment on the Note) which may appear necessary or desirable to collect the amounts then due and thereafter to become due under the related Note Resolution or to enforce any other of its rights under the related Note Resolution.

SUMMARY OF THE TRUST AGREEMENTS

General

Pursuant to the respective Trust Agreement, the Trustee is appointed to act as trustee with respect to each Series of the Note Participations, with the duty to hold each Series of Notes in trust until maturity for the benefit of the Owners of the respective Note Participations. The payments on the Notes shall be used for the punctual payment of the interest and principal evidenced and represented by the related Note Participations, and the Notes of a Series or payments thereon shall not be used for any other purpose while any of the related Note Participations remain Outstanding.

Deposit of the Notes, Note Proceeds and Note Payments

Pursuant to the respective Trust Agreement, each Series of Notes, as evidenced and represented by the respective Series of Note Participations, shall be irrevocably deposited with and pledged and transferred to the Trustee, which is the registered owner of each Note for the benefit of the Owners of the Note Participations and the payments on the Notes shall be used for the punctual payment of the interest and principal evidenced and represented by each Series of Note Participations, and the Notes shall not be used for any other purpose while any Series of Note Participations remain Outstanding. This deposit, transfer and pledge shall constitute a first and exclusive lien on the principal and interest payments of the Notes for the foregoing purpose in accordance with the terms of the respective Trust Agreement.

The Trustee shall execute and deliver the Note Participations evidencing and representing the aggregate principal amount of the Notes. The obligation of each Participant to Owners is a several and not a joint obligation and is strictly limited to the Participant's repayment obligation under its Resolution and its Note. The net proceeds from the sale of the Note Participations will be deposited with the Trustee for the payment of certain costs of issuance and for deposit into the Proceeds Fund and credited to subaccounts of that Fund (the "Proceeds Subaccounts"), one of which shall be established for each of the Participants. All money in the Proceeds Fund shall be held by the Trustee in trust. Moneys in the Proceeds Subaccount of each Participant shall be disbursed to that Participant from time to time, as soon as practical, pursuant to a requisition of the Participant, for any purpose for which the Participant is authorized to expend moneys.

All principal and interest payments on the Notes shall be paid directly by the Participants to the Trustee. All principal and interest payments on the Notes received by the Trustee shall be held in trust by the Trustee under the terms of the applicable Trust Agreement and shall be deposited by it, as and when received, in the appropriate Payment Account within the Note Participation Payment Fund, which fund the Trustee shall maintain so long as any Note Participations are Outstanding, and all money in such fund shall be held in trust by the Trustee for the benefit of the Participant submitting such money until deposited in the Interest Fund and Principal Fund in accordance with the applicable Trust Agreement, whereupon such money shall be held in trust in such funds by the Trustee for the benefit and security of the Owners to the extent provided in the applicable Trust Agreement. Pursuant to each Participant's Note Resolution, each Participant is required to deposit amounts with the Trustee in the months identified as such Participant's Repayment Months. Any such deposit may take into consideration anticipated investment earnings on amounts deposited or in an investment agreement through the applicable Maturity Date. If any Participant fails to make the required deposits, the Trustee shall as soon as practical (but in any event within five Business Days) notify such Participant, Standard & Poor's Rating Service ("S&P") and Moody's Investors Service ("Moody's") of such failure.

Upon written instruction from any Authorized District Representative, to the extent that the Trustee holds moneys and/or securities in a Participant's Proceeds Subaccount, there shall be transferred to such Participant's Payment Account in the Note Participation Payment Fund from the Proceeds Subaccount of such Participant in any Repayment Month, the amount stated in such instruction, but not more than an amount equal to the percentages of the principal of and interest due on such Participant's Note at maturity for the corresponding Repayment Month designated on the face of each such Participant's Note.

Investments

Any money held by the Trustee in the Note Participation Payment Fund and the Proceeds Fund may, to the fullest extent practicable, be invested under one or more investment agreement(s) meeting the requirements of the respective Trust Agreements (the "Investment Agreements"); provided that, upon the request of any Participant, moneys held by the Trustee with respect to such Participant's Proceeds Subaccount or Payment Account of such Participant, shall be invested, by the Trustee in any of the other Permitted Investments as described in and under the terms of the respective Trust Agreement. The amounts held in the several Payment Accounts and Proceeds Subaccounts will be accounted for separately by the Trustee. See "INVESTMENT OF PARTICIPANT FUNDS" herein.

The Trustee may act as principal or agent in the acquisition or disposition of any such deposit or investment and may at its sole discretion, for the purpose of any such deposit or investment, commingle any of the moneys held by it under the applicable Trust Agreement. The Trustee shall not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with the applicable Trust Agreement. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee shall not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any interest or profits on such deposits and investments received by the Trustee shall be credited to the fund or account from which such investment was made.

Moneys held by the Trustee in the Costs of Issuance Fund, Principal Fund and the Interest Fund shall be invested in Permitted Investments as directed by the County, as representative of the Participants, in writing. "Permitted Investments" include each of the following to the extent then permitted by law:

(1) United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal;

(2) Any obligations which are then legal investments for moneys of the Participants under the laws of the State of California; *provided*, that if such investments are not fully insured by the Federal Deposit Insurance Corporation, such investments shall be, or shall be issued by entities the debt securities of which are, rated in the highest short-term or one of the two highest long-term rating categories by Moody's and S&P, including any fund for which the Trustee, or any of its affiliates provides management, advisory, or sponsorship service;

(3) Units of a money-market fund portfolio composed of obligations either issued by United States government sponsored enterprises or guaranteed by the full faith and credit of the United States of America rated in one of the two highest rating categories by Moody's and S&P; including any fund for which the Trustee or any of its affiliates provides management, advisory or sponsorship services;

(4) An investment agreement, including a repurchase agreement, with a financial entity, or with a financial entity whose obligations are guaranteed or insured by a financial entity, whose senior debt or investment contracts or obligations under its investment contracts are rated in one of the two highest long-term rating categories by Moody's and S&P or whose commercial paper rating is in the highest rating category of each such rating agencies or is collateralized by investments listed in subsection (1) hereof as required by S&P and Moody's to be rated in one of the two highest rating categories;

(5) The San Diego County Investment Pool;

(6) Any securities required or permitted to be used to collateralize an investment agreement, to the extent such securities are used to collateralize an investment agreement; or

(7) Any other investment rated in one of the two highest rating categories by Moody's and S&P approved by the Credit Provider (as defined in the Trust Agreement) and the County.

Events of Default

If any default in the payment of principal of or interest on a Note or any other "Event of Default" defined in a Note Resolution shall occur and be continuing, or if any default shall be made by a Participant in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the applicable Trust Agreement and such default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to such Participant by the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Note Participations at the time Outstanding, then such default shall constitute an "Event of Default" under the applicable Trust Agreement, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Note Participations at the time Outstanding shall be entitled, upon notice in writing to such Participant, to exercise the remedies provided to the owner of the Note then in default or under the Note Resolution pursuant to which it was issued; provided, that nothing contained in the applicable Trust Agreement shall affect or impair the right of action of any Owner to institute suit directly against the respective Participant to enforce payment of the obligation evidenced and represented by such Owner's Note Participation.

The Owners of Note Participations, for purposes of the Trust Agreements and the Note Resolutions, to the extent of their interests, shall be treated as owners of the Notes and shall be entitled to

all rights and security of the owners of Notes pursuant to each Note and Note Resolution and each respective Trust Agreement, and shall be treated for all purposes as owners of the Notes. The Trustee shall have the right: (a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights under the applicable Trust Agreement against any Participant or any trustee, member, officer or employee thereof, and to compel such Participant or any such trustee, member, officer or employee thereof to observe or perform its or his duties under applicable law and the agreements, conditions, covenants and terms contained in the applicable Trust Agreement, or in the applicable Note and Note Resolution, required to be observed or performed by it or him; (b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or (c) by suit in equity upon the happening of any default under the applicable Trust Agreement to require any Participant and any trustee, member, officer and employee thereof to account as the trustee of any express trust.

Application of Funds Upon Event of Default

All moneys received by the Trustee pursuant to any right given or action taken upon the occurrence of an Event of Default pursuant to the applicable Trust Agreement shall be deposited into the segregated Payment Account of the Note Participation Payment Fund relating to the defaulting Participant's Note and be applied by the Trustee after payment of its costs in accordance with the applicable Trust Agreement in the following order; *provided* (i) that all amounts in the Credit Fund shall be applied (without regard to payment of the Trustee's costs in accordance with the applicable Trust Agreement) solely to payment of the principal of and interest evidenced and represented by the Note Participations, and *provided*, that the Trustee shall obtain and follow the instructions contained in an Opinion of Counsel and rebate or set aside for rebate from the specified funds held under the applicable Trust Agreement, subject to the prior payment in full of all amounts applicable to the respective Participant specified in clause (ii) above, any amount pursuant to such instructions required to be paid to the United States of America under the Internal Revenue Code of 1986, as amended, and the regulations issued or applicable thereunder:

First, Costs and Expenses: to the payment of the costs and expenses of the Trustee and then of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second, Interest: to the payment to the persons entitled thereto of all payments of interest evidenced and represented by the Note Participations then due in the order of the due date of such payments, and, if the amount available shall not be sufficient to pay in full any payment or payments coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal evidenced and represented by any Note Participations which shall have become due, in the order of their due dates, with interest on the overdue principal and interest represented by the Note Participations at a rate equal to the Default Rate and, if the amount available shall not be sufficient to pay in full all the amounts due with respect to the Note Participations on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

INVESTMENT OF PARTICIPANT FUNDS

Pursuant to the Education Code, the Districts' operating funds are generally deposited into the County Treasury to the credit of the proper fund of the respective Participant. In the case of the Note Participations, the net proceeds attributable to such Participant will be initially credited to subaccounts of the Proceeds Fund, one of which shall be established for each Participant. See also "SUMMARY OF THE TRUST AGREEMENTS – Investments" herein and Appendix A – "COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – San Diego County Investment Pool" attached hereto.

THE PARTICIPANTS

The County and the Districts participating in the financing herein described and the principal amount of the Note Participations of each Series reflecting the principal amount of the Notes issued on behalf of the Participants are set forth below.

<u>Series A Note Participant</u>	<u>Principal Amount</u>
County of San Diego	\$ 50,000,000
<u>Series B-1 Note Participants</u>	<u>Principal Amounts</u>
Cardiff School District	\$ 305,000
Encinitas Union School District	5,000,000
San Marcos Unified School District	11,240,000
Sweetwater Union High School District	15,000,000
<u>Series B-2 Note Participants</u>	<u>Principal Amounts</u>
Alpine Union School District	\$ 1,170,000
Carlsbad Unified School District	13,570,000
Chula Vista Elementary School District	16,915,000
Fallbrook Union High School District	2,160,000
Grossmont Union High School District	19,270,000
Jamul-Dulzura Union School District	775,000
La Mesa-Spring Valley School District	8,895,000
Oceanside Unified School District	13,170,000
Ramona Unified School District	2,555,000
San Dieguito Union High School District	16,540,000
San Ysidro School District	3,345,000
Santee Elementary School District	1,385,000
Total:	\$ 181,295,000

LIMITATIONS ON REMEDIES

The source of repayment of the Note Participations is debt service payments on the respective Notes. A Participant is liable on its Note (even in the event that such Note becomes a Defaulted Note) only to the extent of its available revenues provided for or attributable to Fiscal Year 2011-12. If such available revenues are not sufficient to pay its Note or Defaulted Note, as the case may be, such Participant is not obligated to pay such Note or Defaulted Note from any other sources (including subsequent fiscal years' revenues). **The obligation of a Participant to make payments on or in respect of its Note is a several and not a joint obligation and is strictly limited to such Participant's repayment obligation under its Note Resolution and its Note, and to its Pledged Revenues.**

The rights of the Owners of the Note Participations are subject to certain limitations in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Note Participations, and the obligations incurred by the Participants, respectively, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Note Participations to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The Participants are in possession of the taxes and other revenues that will be set aside and pledged to repay the Notes evidenced by the Note Participations and, following payment of these funds to the Trustee, these funds will be invested in the name of the Trustee for a period of time in the San Diego County Investment Pool or in an Investment Agreement. In the event of a petition for the adjustment of debts of any of the Participants under Chapter 9 of the federal bankruptcy code, a court might hold that the Owners of the Notes evidenced by the Note Participations do not have a valid and/or prior lien on the Pledged Revenues where such amounts are deposited in the San Diego County Investment Pool or in an Investment Agreement and may not provide the Owners of the Notes evidenced by the Note Participations with a priority interest in such amounts. In that circumstance, unless the Owners could "trace" the funds from the Repayment Fund that have been deposited in the San Diego County Investment Pool or in an Investment Agreement, the Owners would be unsecured (rather than secured) creditors of the Participants. There can be no assurance that the Owners could successfully so "trace" the Pledged Revenues.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Participants, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. The amount treated as interest on the Notes represented by the Note Participations and excluded from gross income may depend on the taxpayer’s election under Internal Revenue Service Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes represented by the Note Participations is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX F hereto.

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the payment at maturity on short-term debt obligations (*i.e.*, debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the short-term debt obligations and the aggregate amount to be paid at maturity of the short-term debt obligations (the “original issue discount”). The Note Participations may be executed as short-term debt obligations. For this purpose, the issue price of the short-term debt obligations is the first price at which a substantial amount of the short-term debt obligations is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes.

However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Note Participations if the Note Participations are executed as short-term debt obligations and if the taxpayer elects original issue discount treatment.

Note Participations purchased, whether at original issuance or otherwise, for an amount higher than their principal amount on the Notes represented by such Note Participations payable at maturity (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes represented by the Note Participations. The Participants have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes represented by the Note Participations will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes represented by the Note Participations being included in gross income for federal income tax purposes, possibly from

the date of original issuance of the Note Participations. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Note Participations may adversely affect the value of, or the tax status of interest on, the Notes represented by the Note Participations. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the Participants referred to above requires each Participant that does not qualify as a "small governmental issuer" under the Code to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Note Participations which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to assure that interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes. Under the Code, if each Participant spends 100% of its pro rata share of the proceeds of the Note Participations within six months after initial delivery, there is no requirement that there be a rebate of investment profits in order for interest on the Notes represented by the Note Participations to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The Participants expect to satisfy this expenditure test or, if they fail to do so, to make any required rebate payment from moneys received or accrued during the 2011-12 Fiscal Year. To the extent that any rebate cannot be paid from such moneys, the law of California is unclear as to whether such covenant would require the Participants to pay any such rebate. This would be an issue only if it were determined that the Participants' calculations of expenditures of Notes proceeds or of rebatable arbitrage profits, if any, were incorrect.

Although Bond Counsel is of the opinion that interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Note Participations may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes represented by the Note Participations to be subject, directly or indirectly, to federal income taxation, or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Note Participations. Prospective purchasers of the Note Participations should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Note Participations for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Participants, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Participants have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Note Participations ends with the issuance of the Note Participations, and, unless separately engaged, Bond Counsel is not obligated to defend the Participants or the Beneficial Owners regarding the tax-exempt status of the Note Participations in the event of an audit examination by the IRS. Under current procedures, parties other than the Participants and their appointed counsels, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Participants legitimately disagree, may not be practicable. Any action of the IRS, including but not limited to selection of the Note Participations for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Note Participations, and may cause the Participants or the Beneficial Owners to incur significant expense.

The form of proposed opinion of Bond Counsel is set forth in APPENDIX F of this Official Statement. Bond Counsel expresses no opinion therein on the accuracy, completeness or sufficiency of this Official Statement or other offering material related to the Note Participations.

LITIGATION

There is no litigation now pending or to the knowledge of the respective Participants threatened (1) to restrain or enjoin the issuance or sale of the Notes or the execution and delivery of the Note Participations; (2) questioning or affecting the validity of the Notes or the Note Participations or the Note Resolutions; or (3) questioning or affecting the validity of any of the proceedings for the authorization, sale, execution or delivery of the Notes or the Note Participations.

RATINGS

Fitch Ratings, Moody's and Standard & Poor's have rated the Series A Note Participations "F1+" "MIG 1" and "SP-1+" respectively. Standard & Poor's has rated each of the Series B-1 Note Participations and the Series B-2 Note Participations "SP-1+." The ratings reflect only the views of the rating agencies and any explanation of the significance of such ratings and any ratings on any of the Participants' outstanding obligations may be obtained only from such rating agencies as follows: Fitch Ratings, One State Street Plaza, New York, New York 10004, Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, or any of them, if, in their respective judgment, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the respective Note Participations.

LEGAL MATTERS

Legal matters incident to the delivery of the Note Participations are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX F. As Bond Counsel, Orrick, Herrington & Sutcliffe LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon by Hawkins Delafield & Wood LLP, Los Angeles, California, Underwriters' Counsel.

UNDERWRITING

The Underwriters identified on the cover page hereof (the “Underwriters”) have jointly and severally agreed, subject to certain conditions, to purchase the Note Participations. The aggregate purchase price for the Series A Notes shall be \$50,805,952.00 (consisting of the \$50,000,000.00 aggregate principal amount of the Series A Notes, plus a premium of \$862,500.00, less \$56,548.00 of Underwriters’ discount). The aggregate purchase price for the Series B-1 Notes shall be \$31,781,576.05 (consisting of the \$31,545,000.00 aggregate principal amount of the Series B-1 Notes, plus a premium of \$280,750.50, less \$44,174.45 of Underwriters’ discount). The aggregate purchase price for the Series B-2 Notes shall be \$100,769,728.81 (consisting of the \$99,750,000.00 aggregate principal amount of the Series B-2 Notes, plus a premium of \$1,179,045.00, less \$159,316.19 of Underwriters’ discount). The Purchase Contract provides that the Underwriters will purchase all the Note Participations if any are purchased. The Note Participations may be offered and sold by the Underwriters to certain dealers and others at prices lower than such public offering price, and such public offering price may be changed, from time to time, by the Underwriters.

The following two sentences have been provided by Citigroup Global Markets Inc., one of the underwriters for the Note Participations: Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the Note Participations, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Note Participations.

The following two sentences have been provided by De La Rosa & Co., one of the underwriters for the Note Participations: De La Rosa & Co., one of the Underwriters of the Note Participations, has entered into separate agreements with Credit Suisse Securities USA LLC, UnionBanc Investment Services LLC and City National Securities, Inc. for retail distribution of certain municipal securities offerings, at the original issue price. Pursuant to said agreements, if applicable to the Note Participations, De La Rosa & Co. will share a portion of its underwriting compensation with respect to the Note Participations with Credit Suisse Securities USA LLC, UnionBanc Investment Services LLC or City National Securities, Inc.

FINANCIAL ADVISOR

Government Financial Strategies inc., Sacramento, California, serves as the Financial Advisor to the Districts in connection with the execution and delivery of the Series B Note Participations. The Financial Advisor to the Districts has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

Pursuant to the respective Trust Agreements, the Participants have agreed to give, or cause to be given, to the Municipal Securities Rulemaking Board, notice of the occurrence of any of the following Listed Events with respect to the Notes not later than ten (10) business days after the occurrence of the event: (1) principal or interest payment delinquencies; (2) tender offers; (3) defeasances; (4) rating changes; (5) the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB); (6) unscheduled draws on debt service

reserves reflecting financial difficulties; (7) unscheduled draws on credit enhancements reflecting financial difficulties; (8) substitution of credit or liquidity providers, or their failure to perform; (9) any event which causes a Facility not to be available for beneficial use or occupancy by the Authority; or (10) bankruptcy, insolvency, receivership or similar proceedings of the County or the Authority. In addition, the County has agreed to provide, or cause to be provided, to the Repository notice of the occurrence of any of the following Listed Events with respect to the Notes, if material, no later than ten (10) business days after the occurrence of the event: (i) unless described in paragraph (5) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Notes or other material events affecting the tax status of the Notes; (ii) non-payment related defaults; (iii) modifications to the rights of Holders; (iv) optional, contingent, or unscheduled bond calls; (v) release, substitution, or sale of property securing repayment of the Notes; (vi) appointment of a successor or additional trustee or the change of the name of a trustee; or (vii) the consummation of a merger, consolidation or acquisition involving the County or the Authority or the sale of all or substantially all of the assets of the County or the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5) (the “Rule”). The County has complied in all material respects in the last five years with each of its previous undertakings with regard to said Rule to provide annual reports or notices of material events. The Series B Participants have complied in all material respects in the last five years with each of its previous undertakings with regard to said Rule to provide annual reports or notices of material events, except as otherwise indicated in Appendix B attached hereto.

The undertakings regarding material event disclosure set forth in the respective Trust Agreements may be amended, and any provision thereof may be waived, by written agreement of the parties thereto, without the consent of the Owners of the Note Participations (except to the extent required under clause (3)(ii) below), if all of the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Participants or the type of business conducted thereby; (2) the undertakings therein as so amended or waived would, in the opinion of nationally recognized bond counsel or counsel expert in federal securities laws addressed to the Participants and the Trustee, have complied with the requirements of the Rule at the time of the primary offering of the Note Participations, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) the proposed amendment or waiver either (i) is approved by the Owners in the manner provided in the applicable Trust Agreement for amendments to the Trust Agreements with the consent of the Owners, or (ii) does not, in the opinion of the nationally recognized bond counsel or counsel expert in federal securities laws addressed to the Participants and the Trustee, materially impair the interests of the owners of Note Participations; and (4) the Participants shall have delivered copies of such opinion and amendment to each Repository.

The Participants’ obligations under the applicable Trust Agreement shall terminate upon the defeasance or payment in full of all of the Notes and the Note Participations. The undertakings in the applicable Trust Agreement relating to continuing disclosure shall inure solely to the benefit of the Participants, the Trustee, the Dissemination Agent, the Participating Underwriters and the Owners and Beneficial Owners, from time to time of the Note Participations, and shall create no rights in any other person or entity.

Copies of the County’s Annual Reports and notices of material event filings are available at Digital Assurance Certification, L.L.C. website, www.dacbond.com and filed at the Municipal Securities Rulemaking Board. The information presented there is not incorporated by reference in this Official

Statement and should not be relied upon in making an investment decision with respect to the Note Participations.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the Participants and the purchasers or Owners of any of the Note Participations. This Official Statement speaks only as of its date, and the information contained herein is subject to change. Neither the County nor the other Participants have entered into any contractual arrangement to provide information on a continuing basis to investors or any other party. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the Participants since the date hereof. The delivery of this Official Statement has been duly authorized by the Participants.

COUNTY OF SAN DIEGO, on behalf of itself and
each District listed in the inside cover page hereof.

By: 
Chief Financial Officer

APPENDIX A

COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION

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APPENDIX A
COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC
AND DEMOGRAPHIC INFORMATION

THE COUNTY	A-1
General	A-1
County of San Diego Employees	A-2
COUNTY FINANCIAL INFORMATION	A-3
Assessed Valuations	A-3
Ad Valorem Property Taxation	A-5
Secured Tax Rolls Statistics	A-7
Liens and Redemption	A-8
Financial Statements	A-9
General Fund Budget	A-12
Fiscal Year 2010-11 Budget and Financial Position of the County	A-12
County's Fiscal Year 2011-12 Proposed Budget and the Operational Plan	A-18
Fund Balance and Reserves Policy	A-25
Teeter Plan	A-25
Temporary Transfers	A-26
San Diego County Employees Retirement Association	A-26
Post-Retirement Healthcare Benefits	A-38
Supplemental Pension Benefits	A-41
STAR COLA Benefits	A-42
Pension Obligation Bonds	A-43
Pension Related Payments and Obligations	A-44
Risk Management	A-45
Litigation	A-46
Short-Term Borrowing	A-46
General Obligation Debt, Pension Obligation Bonds, Lease Obligations and Long-Term Loans	A-46
Anticipated Capital Financings	A-49
Long-Term Financial Obligation Management Policy	A-49
Swap Policy	A-49
Overlapping Debt and Debt Ratios	A-50
SAN DIEGO COUNTY INVESTMENT POOL	A-52
General	A-52
Treasury Pool's Portfolio	A-53
Investments of the Treasury Pool	A-53
Certain Information Relating to Pool	A-55
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND	
APPROPRIATIONS	A-57
Article XIII A	A-57
Article XIII B	A-58
Proposition 46	A-59
Proposition 62	A-59
Proposition 218	A-60
Proposition 1A	A-62
Proposition 22	A-62
Proposition 26	A-63
Future Initiatives	A-64

STATE OF CALIFORNIA BUDGET INFORMATION AND FEDERAL STIMULUS INFORMATION.....	A-64
State of California Budget Information.....	A-64
Federal Stimulus Information	A-71
ECONOMIC AND DEMOGRAPHIC INFORMATION	A-71
General.....	A-71
Population	A-73
Employment.....	A-74
Largest Employers	A-76
Regional Economy.....	A-77
Building Activity	A-78
Commercial Activity.....	A-79
Personal Income.....	A-80
Foreclosures; Notices of Loan Default	A-81
Transportation.....	A-81
Visitor and Convention Activity.....	A-82
Education	A-82

THE COUNTY

General

The County of San Diego (the “County”) is the southernmost major metropolitan area in the State of California (the “State”). The County covers 4,261 square miles, extending 75 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange Counties form the northern boundary. The County is approximately the geographic size of the State of Connecticut. The County’s Fiscal Year 2010-11 Adopted Operational Plan (the “Fiscal Year 2010-11 Adopted Budget”) is approximately \$4.96 billion, of which \$3.74 billion relates to the County’s General Fund budget. The County’s Fiscal Year 2011-12 Proposed Operational Plan (defined herein) is approximately \$4.84 billion, of which \$3.73 billion relates to the County’s General Fund budget.

The County was incorporated on February 18, 1850, and functions under a charter adopted in 1933, as subsequently amended from time to time. The County is governed by a five-member Board of Supervisors (the “Board of Supervisors”) elected to four-year terms in district nonpartisan elections. The Board of Supervisors appoints the Chief Administrative Officer (the “CAO”) and the County Counsel. The CAO appoints the Chief Financial Officer and the Auditor and Controller. Other elected officials include the Assessor/Recorder/County Clerk, the District Attorney, the Sheriff and the Treasurer-Tax Collector.

Many of the County’s functions are required under County ordinances or by State or federal mandate. State and federally mandated programs, primarily in the social and health services areas, are directed to be maintained at certain minimum levels, which may, under some conditions, limit the County’s ability to control its budget. However, under designated State and federal programs, eligible costs are subject to reimbursement according to specific guidelines.

The County is the delivery system for federal, State and local programs. The County provides a wide range of services to its residents including: (i) regional services such as district attorney, public defender, probation, medical examiner, jails, elections, public health, welfare, mental health, aging and child welfare; (ii) basic local services such as planning, parks, libraries and Sheriff’s patrol to the unincorporated area, and law enforcement and libraries by contract to incorporated cities; and (iii) infrastructure such as roads, waste disposal and flood control to the unincorporated area of the County.

County of San Diego Employees

General. Table 1 below sets forth the number of County employees for Fiscal Years 2001-02 through 2010-11:

TABLE 1
TOTAL COUNTY EMPLOYEES⁽¹⁾

<u>Year</u>	<u>Total Employees</u>
2001-02	18,208
2002-03	17,835
2003-04	16,949
2004-05	16,418
2005-06	16,195
2006-07	16,471
2007-08	16,484
2008-09	16,176
2009-10	15,522
2010-11 ⁽²⁾	15,086

Source: County of San Diego Department of Human Resources.

⁽¹⁾ Excludes temporary employees of the County. Data as of June 30 of the indicated year unless otherwise indicated.

⁽²⁾ As of May 1, 2011.

County employees are represented by eight unions representing 25 bargaining units. The unions represent approximately 88% of the County's employees and include the Deputy Sheriffs' Association of San Diego County (the "Deputy Sheriffs' Association"); Deputy District Attorneys Association; Service Employees International Union ("SEIU"), Local 221, San Diego Probation Officers' Association; District Attorney Investigators Association; San Diego County Deputy County Counsels Association; Public Defender Association of San Diego County, and the San Diego County Supervising Probation Officers' Association. The County has labor agreements with the Deputy Sheriffs' Association effective through June 26, 2014 and all other unions, with the exception of six bargaining units of SEIU, Local 221, effective through June 23, 2013. These agreements include reductions to the County's portion of the employee paid retirement offset, flexible benefit increases, and a one-time salary payment equivalent to 2% of base pay. The labor agreements for the remaining six bargaining units of SEIU Local 221 expire June 16, 2011. Members of SEIU, Local 221, are expected to operate under the terms of the current agreements until new agreements are executed. The remaining employees are unrepresented.

Negotiated Retirement Amendments. The County's existing retirement system, as described under the caption "San Diego County Employees Retirement Association" herein, was modified in connection with certain collective bargaining agreements entered into by the County. The SEIU Local 221, Deputy District Attorneys Association, Public Defenders Association of San Diego County, San Diego County Deputy County Counsels Association and the County negotiated amendments to the County's retirement system. A new "Tier B" retirement benefit was created for newly hired general employees in all bargaining units effective August 28, 2009. The new tier has a benefit formula described as: 2.62% at 62, highest 3 years final average compensation, minimum retirement age of 55 and a 2% maximum cost of living adjustment ("COLA"). The retirement benefit formula for general employees active prior to the implementation of the new tier is described as: 3% at 60, highest 1-year final average compensation, minimum retirement age of 50 and a 3% maximum COLA. For new employees represented by the Deputy Sheriffs' Association, San Diego County Supervising Probation Officers' Association, San Diego Probation Officers' Association and the District Attorney Investigators

Association, who are classified as safety, a new tier with the following benefit formula was created: 3% at 55, highest 3 years final average compensation, minimum retirement age of 50 and a 2% maximum COLA. The benefit formula for safety employees active prior to the implementation of the new tier is described as: 3% at age 50, highest 1-year final average compensation, minimum retirement age of 50 and a 3% maximum COLA. Pursuant to State law, exceptions to the aforementioned minimum retirement ages exist for general employees with at least 30 years of service and safety employees with at least 20 years of service.

The County recently negotiated amendments to the Employer Offsets (herein defined) for six of the 12 bargaining units of SEIU Local 221, the Deputy District Attorneys Association, the District Attorney Investigators Association, the Public Defender Association of San Diego County, the San Diego County Deputy County Counsels Association, the San Diego Supervising Probation Officers' Association, the San Diego Probation Officers' Association and the Deputy Sheriffs' Association. Pursuant to the amendments, the Employer Offsets will be reduced over two fiscal years starting July 1, 2011. The Employer Offsets rates for Tier I/A employees with more than 5 years of service will be reduced by 2.5% while the Employer Offsets rates for Tier I/A employees with less than 5 years of service will be reduced by either 1.25% or 2.5%, based on the applicable bargaining unit. The Employer Offsets rates for Tier B employees with more than 5 years of service will be reduced by 3.5% while the Employer Offsets rates for Tier B employees with less than 5 years of service will be reduced by 1.75% or 3.5%, based on the applicable bargaining unit. In July 2012, the Employer Offsets rates for non-safety employees will range from 1% to 7% of their salary, and the Employer Offsets rates for safety employees will range from 1% to 10.755% of their salary.

COUNTY FINANCIAL INFORMATION

The following is a summary of certain financial information with respect to the County, including the County's property tax collections, General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance, Adopted and Amended General Fund Budgets for Fiscal Years 2009-10 and 2010-11, pension plan, risk management program, pending litigation and outstanding indebtedness.

Assessed Valuations

The assessed valuation of property in the County is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported in compliance with the requirements of Proposition 13. Generally, property can only be reappraised to market value upon a change in ownership or completion of new construction. Pursuant to Article XIII A of the State Constitution, the assessed value of property that has not incurred a change of ownership or new construction shall be adjusted annually to reflect inflation at a rate not to exceed 2% per year as shown in the California consumer price index. In the event of declining property value caused by substantial damage, destruction, economic or other factors, Article XIII A of the State Constitution allows the assessed value to be reduced temporarily to reflect the lower market value. For the definition of full cash value and more information on property tax limitations and adjustments, see "Constitutional and Statutory Limitations on Taxes, Revenues and Appropriations – Article XIII A" herein.

The County Assessor determines and enrolls a value for each parcel of taxable real property in the County every year in accordance with Proposition 13. Annually, property owners may appeal the assessed value of their property. Additionally, under the provisions of Proposition 8, property owners may apply for a temporary reduction in the assessed value when the market value of the real property, as of January 1 of the applicable tax year, falls below its assessed value. Once reduced, the County Assessor must annually review the value of the property until the factored Proposition 13 value is fully restored

(adjusted with the annual consumer price index, not to exceed 2%). For Fiscal Year 2009-10, the County Assessor received 21,770 appeals, including appeals relating to real property, business personal property, boats and airplanes. Through April 25, 2011 of Fiscal Year 2010-11, the County Assessor had received 15,428 appeals. Table 2 below sets forth the number of appeals received by the County Assessor and the corresponding number of affected parcels since Fiscal Year 2001-02. See “Economic and Demographic Information – Foreclosures; Notices of Loan Default” herein.

TABLE 2
ASSESSMENT APPEALS
Fiscal Years 2001-02 through 2010-11

<u>Fiscal Year</u>	<u>Applications⁽¹⁾</u>	<u>Parcels</u>
2001-02	2,954	4,029
2002-03	3,074	3,666
2003-04	2,700	3,035
2004-05	2,573	3,932
2005-06	2,486	2,752
2006-07	3,334	3,601
2007-08	13,150	15,872
2008-09	42,624	47,865
2009-10	21,770	26,635
2010-11 ⁽²⁾	15,428	19,675

Source: County of San Diego Assessor/Recorder/County Clerk.

⁽¹⁾ Application may relate to the reassessment for one or more parcels.

⁽²⁾ As of April 25, 2011.

Ad Valorem Property Taxation

Table 3 below sets forth the assessed valuation of property within the County subject to taxation for Fiscal Years 2001-02 through 2010-11:

TABLE 3
ASSESSED VALUATION OF PROPERTY
SUBJECT TO AD VALOREM TAXATION
Fiscal Years 2001-02 through 2010-11
(In Thousands)

<u>Fiscal Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Gross Assessed Valuation</u>	<u>Exemption⁽¹⁾</u>	<u>Net Assessed Valuation for Tax Purposes⁽²⁾</u>
2001-02	\$ 84,852,228	\$122,629,979	\$12,675,787	\$220,157,994	\$ 5,674,325	\$214,483,669
2002-03	93,104,455	133,459,423	11,773,210	238,337,088	5,474,711	232,862,377
2003-04	103,818,122	145,973,945	11,949,627	261,741,694	6,742,042	254,999,652
2004-05	117,332,258	159,013,240	11,804,416	288,149,914	7,332,153	280,817,761
2005-06	137,276,347	175,791,219	12,807,092	325,874,658	7,916,172	317,958,485
2006-07	158,460,301	192,889,631	13,201,802	364,551,734	8,553,542	355,998,192
2007-08	176,074,513	208,732,483	13,916,210	398,723,206	9,427,705	389,295,500
2008-09	184,573,765	217,641,565	14,496,587	416,711,917	10,336,971	406,374,945
2009-10	177,035,056	215,309,621	15,194,665	407,539,342	11,244,820	396,294,522
2010-11	173,642,233	214,286,031	14,639,554	402,567,818	11,790,769	390,777,049

Source: County of San Diego Auditor and Controller.

⁽¹⁾ Exemption figures include veterans, church, welfare, religious, college and cemetery exemptions.

⁽²⁾ Net Assessed Valuation for Tax Purposes figures include local secured, unsecured manufactured home and possessory interest, state unitary and redevelopment valuation.

The decline of the assessed valuation of property within the County in Fiscal Year 2010-11 is attributable to the continued effects of the real estate market downturn and the attendant defaults and foreclosures, which during Fiscal Year 2008-09 led to the most assessment appeals and applications for valuation reviews on record. While the County experienced declines in assessed value, certain cities, mainly along the coast, including Coronado, Del Mar and Encinitas, experienced assessed value growth ranging from 0.13% to 3.18%.

Table 4 below sets forth the approximate tax levied against the ten largest property taxpayers in the County for Fiscal Year 2010-11. These tax payments represent approximately 4.24% of the total secured property tax levied by the County for Fiscal Year 2010-11, which amount is \$4,474,096,680.

TABLE 4
TEN LARGEST TAXPAYERS
Fiscal Year 2010-11

<u>Property Owners</u>	<u>Business Area</u>	<u>Approximate Tax⁽¹⁾</u>
San Diego Gas & Electric Company	Gas and Electric Utility	\$63,455,985
Southern California Edison Co.	Electric Utility	28,818,695
Irvine Co.	Real Estate	17,761,358
San Diego Family Housing LLC	Real Estate	14,835,726
Kilroy Realty L P	Real Estate	14,679,407
Qualcomm, Inc.	Telecommunication	13,626,003
Camp Pendleton/Quantico Housing	Real Estate	11,654,352
Pacific Bell Telephone Company	Telecommunication	9,708,652
Arden Realty LTD Partnership	Real Estate	8,440,141
OC/SD Holdings LLC	Real Estate	6,584,929

Source: County of San Diego Auditor and Controller.

⁽¹⁾ Approximate Tax includes local secured and state unitary 1% tax, debt service tax and special assessments.

Taxes are levied for each Fiscal Year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation. For assessment and collection purposes, property is classified either as “secured” or “unsecured” and is listed accordingly on separate assessment rolls. The “secured roll” is that assessment roll containing locally assessed property secured by a statutory lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes on land and the improvements located on the land. Other property, such as business personal property, boats and aircraft, is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of growth in situs assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter approved debt service and fixed charge assessments on behalf of any taxing agency and special districts within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after 5:00 p.m. on December 10 and April 10, respectively, and a ten percent penalty attaches. A ten dollar cost also applies to all delinquent second installments. Property on the secured roll with unpaid delinquent taxes is declared tax-defaulted after 5:00 p.m. on June 30th. Such property may thereafter be redeemed by payment of the delinquent taxes, the ten percent delinquency penalty, the ten dollar cost, a fifteen dollar per parcel redemption fee (from which the State receives five dollars), and redemption penalty of one and one half percent per month starting July 1 and continuing until date of redemption (collectively, the “Redemption Amount”). If taxes remain unpaid

after five years on the default roll, the property becomes subject to a tax sale by the County Treasurer – Tax Collector.

Property taxes on the unsecured roll are due on the lien date being assessed (January 1). A due date, or date to pay by, is set based on the enrollment date of the bill. If not paid in full, a ten percent penalty is added to the bill on September 1, or on the first business day of the second month following the enrollment date and an additional penalty of one and one-half percent per month begins to accrue on November 1, or on the first business day of the third month after the date of enrollment. Penalties are posted based on the type of unsecured bill and the time of year it is enrolled. The taxing authority has a number of ways of collecting delinquent unsecured property taxes, which include: filing a Certificate of Tax Lien for recordation in the County Recorder's office, and/or other jurisdictions; a civil action against the taxpayer; and seizure and/or sale of assets belonging or assessed to the taxpayer.

Pursuant to State Law, the County collects property tax administrative fees from cities, special districts and redevelopment agencies. State law exempts school districts from paying such fees.

Secured Tax Rolls Statistics

Table 5 below sets forth information relating to the County's secured tax roll and assessed value of property since Fiscal Years 2001-02 through 2010-11.

TABLE 5
SECURED TAX ROLL STATISTICS
Fiscal Years 2001-02 through 2010-11

Fiscal Year	Total Bills	Total Gross Assessed Value⁽¹⁾	Total Tax Amount⁽²⁾	Delinquent Tax Bills	Delinquent Tax Amount⁽³⁾	Delinquent Tax Amount as Percent of Total Tax Amount
2001-02	871,191	\$209,281,264,375	\$2,335,927,431	31,198	\$ 39,156,006	1.68%
2002-03	885,452	227,376,419,310	2,552,212,549	29,769	39,156,463	1.53
2003-04	898,222	250,071,362,845	2,831,188,116	30,244	41,183,548	1.45
2004-05	912,850	276,651,738,142	3,141,818,961	38,065	49,379,983	1.57
2005-06	934,416	313,592,785,425	3,565,874,923	46,386	70,146,925	1.97
2006-07	954,808	350,431,485,633	3,964,281,859	54,013	111,504,199	2.81
2007-08	968,699	385,014,085,589	4,364,915,835	58,579	163,865,524	3.75
2008-09	976,296	402,408,931,673	4,558,064,753	49,845	165,660,374	3.63
2009-10	978,170	392,680,850,836	4,509,795,774	40,214	120,563,754	2.67
2010-11 ⁽⁴⁾	979,128	388,209,168,091	4,474,096,680	38,000	116,000,000	2.60

Source: County of San Diego Auditor and Controller.

⁽¹⁾ Total Gross Assessed Value figures include local secured and state unitary valuation.

⁽²⁾ Total Tax Amount includes local secured and state unitary 1% tax, debt service tax and special assessments.

⁽³⁾ Delinquent Tax Amount represents the dollar value of tax due for delinquencies in the year shown that had not been collected as of June 30 of that year.

⁽⁴⁾ Total Bills, Total Gross Assessed Value and Total Tax Amount figures are actual. Remaining columns are estimated.

Liens and Redemption

Properties may be redeemed under a five-year installment plan by paying current taxes plus a minimum annual payment of 20% of the original redemption amount. A delinquent taxpayer may enter into the installment plan at any time up to the June 30 occurring five years after the property becomes tax-defaulted. Redemption interest accrues at 1-1/2% per month on the unpaid principal balance of the installment plan redemption amount during the period of the installment plan. The property becomes subject to sale by the County Treasurer-Tax Collector if taxes are unpaid after June 30 of the fifth year of default unless the property is on an installment plan of redemption prior to the power to sell arising.

Financial Statements

Table 6 below sets forth the audited General Fund Balance Sheet for Fiscal Years 2007-08 through 2009-10. Table 7 sets forth the audited General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance for Fiscal Years 2005-06 through 2009-10.

TABLE 6
COUNTY OF SAN DIEGO
GENERAL FUND BALANCE SHEET
For Fiscal Years 2007-08 through 2009-10
(In Thousands)

	<u>Audited 2008⁽⁵⁾</u>	<u>Audited 2009⁽⁵⁾</u>	<u>Audited 2010⁽⁵⁾</u>
ASSETS			
Pooled Cash and Investments	\$ 977,544	\$ 959,102	\$ 1,121,752
Cash with Fiscal Agents	19	14	31
Investments With Fiscal Agents	2	2	2
Property Taxes Receivables, net	218,048	221,671	195,499
Receivables, net	270,900	373,985	338,969
Due from Other Funds ⁽¹⁾	79,915	74,128	67,382
Prepaid Items	17	13	62
Advances to Other Funds	7,203	0	0
Inventories	7,326	8,774	9,418
Restricted Assets – Cash with Fiscal Agents	171	179	146
Restricted Assets – Lease Receivable	0	9,297	8,454
TOTAL ASSETS	<u>\$ 1,561,145</u>	<u>\$ 1,647,165</u>	<u>\$ 1,741,715</u>
LIABILITIES			
Accounts Payable	\$ 85,308	\$ 71,761	\$ 96,014
Accrued Payroll	29,425	32,692	36,576
Due to Other Funds ⁽¹⁾	42,169	40,480	36,888
Deferred Revenues	123,470	141,695	130,190
Unearned Revenue	60,307	170,499	221,939
TOTAL LIABILITIES	<u>\$ 340,679</u>	<u>\$ 457,127</u>	<u>\$ 521,607</u>
FUND BALANCES			
Reserved Fund Balance:			
Reserved for Loans, Due From Other Funds and Prepaids ⁽²⁾	\$ 13,294	\$ 6,922	\$ 6,765
Reserved for Landfill Closure Costs	1,259	1,069	927
Reserved for Inventories	7,326	8,774	9,418
Reserved for Realignment Health, Mental Health and Social Services ⁽³⁾	0	74,620	0
Reserved for Other Purposes	251,352	175,049	145,147
Unreserved:			
Designated for Encumbrances	236,272	215,793	267,340
Designated for Economic Uncertainty	0	0	100,000
Designated for Realignment Health, Mental Health and Social Services	0	0	73,729
Designated for Unforeseen Catastrophic Events ⁽⁴⁾	0	55,500	55,500
Designated for Subsequent Years' Expenditures	138,729	75,468	66,815
Designated for Landfill Postclosure and Landfill Closure Costs	854	852	852
Undesignated	571,380	575,991	493,615
TOTAL FUND BALANCES	<u>\$ 1,220,466</u>	<u>\$ 1,190,038</u>	<u>\$ 1,220,108</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,561,145</u>	<u>\$ 1,647,165</u>	<u>\$ 1,741,715</u>

Source: County of San Diego Auditor and Controller.

(Table continued from prior page.)

- (1) Amounts are receivables and payables between General Fund and other County funds based on actual or estimated claims outstanding.
- (2) Prior to 2009, this category of fund balances was entitled, "Reserved for Loans, Advances and Prepaids." Although the name of the category was changed in 2009, the nature of the balances for all fiscal years is the same.
- (3) For Fiscal Year 2008, the \$74,620 Reserved for Realignment Health, Mental Health and Social Services was included in the "Designated for Subsequent Years' Expenditures" row.
- (4) For Fiscal Year 2008, the \$55,500 "Designated for Unforeseen Catastrophic Events" was included in the "Reserved for other Purposes" category.
- (5) To conform with Governmental Accounting Standards Board (GASB) Statements 33 and 34, activities from various Internal Agency Funds are included in the General Fund.

TABLE 7
COUNTY OF SAN DIEGO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
For Fiscal Years 2005-06 through 2009-10
(In Thousands)

	<u>Audited</u> <u>2005-06</u>	<u>Audited</u> <u>2006-07</u>	<u>Audited</u> <u>2007-08</u>	<u>Audited</u> <u>2008-09</u>	<u>Audited</u> <u>2009-10</u>
Revenues:					
Taxes	\$ 791,241	\$ 842,396	\$ 928,066	\$ 930,584	\$ 904,515
Licenses, Permits and Franchise Fees	31,847	33,752	34,735	35,838	40,967
Fines, Forfeitures and Penalties	56,177	55,248	59,782	56,252	53,996
Revenue From Use of Money and Property	43,757	51,894	48,381	28,396	23,171
Aid From Other Governmental Agencies:					
State	578,736	851,309	849,783	878,902	814,553
Federal	660,976	704,440	792,430	729,675	824,821
Other	88,210	92,769	71,663	134,026	91,478
Charges for Current Services	271,448	269,282	267,624	282,151	277,252
Other Revenue	<u>25,668</u>	<u>33,227</u>	<u>30,705</u>	<u>61,847</u>	<u>33,757</u>
Total Revenues	<u>\$ 2,548,060</u>	<u>\$ 2,934,317</u>	<u>\$ 3,083,169</u>	<u>\$ 3,137,671</u>	<u>\$ 3,064,510</u>
Expenditures:					
Current:					
General Government	\$ 188,223	\$ 224,261	\$ 270,236	\$ 236,874	\$ 197,124
Public Protection	1,001,110	1,059,826	1,135,288	1,126,903	1,055,315
Public Ways and Facilities	1,974	1,369	5,907	690	10,063
Health and Sanitation	517,837	539,954	593,104	630,633	635,148
Public Assistance	901,122	928,234	987,730	1,039,496	1,034,340
Education	820	1,157	1,101	808	906
Recreation and Cultural	21,375	24,509	29,606	29,274	28,102
Capital Outlay	18,590	17,190	11,453	8,059	27,184
Debt service:					
Principal ⁽¹⁾	--	--	--	32,125	28,777
Interest and Fiscal Charges	12,368	10,843	5,169	12,255	17,025
Payment to Refunded Bond Escrow Agent	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,436</u>
Total Expenditures	<u>\$ 2,663,419</u>	<u>\$ 2,807,343</u>	<u>\$ 3,039,594</u>	<u>\$ 3,117,117</u>	<u>\$ 3,038,420</u>
Excess (Deficiency) of Revenues over (under) Expenditures	(\$ 115,359)	\$ 126,974	\$ 43,575	\$ 20,554	\$ 26,090
Other Financing Sources (Uses):					
Sale of Capital Assets	\$ 12,241	\$ 130	\$ 41	\$ 29	\$ 338
Refunding Bonds Issued ⁽²⁾	0	0	0	443,515	0
Payment to Escrow Agent/Refunded Bond ⁽²⁾	0	0	0	(441,038)	0
Transfers In ⁽³⁾	486,203	283,535	257,890	230,296	226,039
Transfers Out ⁽⁴⁾	<u>(151,503)</u>	<u>(152,854)</u>	<u>(236,400)</u>	<u>(285,232)</u>	<u>(223,042)</u>
Total Other Financing Sources (Uses)	<u>\$ 346,941</u>	<u>\$ 130,811</u>	<u>\$ 21,531</u>	<u>\$ (52,430)</u>	<u>\$ 3,335</u>
Net Change in Fund Balance	\$ 231,582	\$ 257,785	\$ 65,106	\$ (31,876)	\$ 29,425
Fund Balances at Beginning of Year	667,458	898,885	1,155,082	1,220,466	1,190,038
Increase (Decrease) in Reserve for Inventories	<u>(155)</u>	<u>(1,588)</u>	<u>278</u>	<u>1,448</u>	<u>645</u>
Fund Balances at End of Year	<u>\$ 898,885</u>	<u>\$ 1,155,082</u>	<u>\$ 1,220,466</u>	<u>\$ 1,190,038</u>	<u>\$ 1,220,108</u>

Source: Comprehensive Annual Financial Report of the County.

⁽¹⁾ Represents various base rental payments made to the San Diego County Capital Asset Leasing Corporation ("SANCAL") and the San Diego Regional Building Authority ("SDRBA") treated as debt service payments in the General Fund as SANCAL and the SDRBA are blended component units of the County. Prior to Fiscal Year 2008-09, the base rental

(Table continued from prior page.)

- payments to SANCAL were treated as “Transfers Out” as noted in the “Transfers Out” note below, and base rental payments to the SDRBA were treated as General Government expenditures.
- (2) In Fiscal Year 2008-09, the County issued \$443.515 million Series 2008 Taxable Pension Obligation Bonds. As part of this transaction, \$441.038 million was transferred to an escrow agent to advance refund the outstanding 2002B Bonds, Subseries B1 and B2-4 Auction Rate Securities and to pay future interest payments. The transaction is further described in Note 13 “Long-Term Debt” in the Notes to the Financial Statements of the County’s Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2009.
 - (3) Revenues from the Public Safety Augmentation Sales Tax (Proposition 172) and the tobacco securitization proceeds are recognized in the Special Revenue funds and treated as operating transfers when moved to the General Fund to reimburse expenses incurred.
 - (4) For all fiscal years presented, “Transfers Out” generally represents contributions to the Pension Obligation Bond fund; contributions to capital funds for General Fund projects; and, County contributions to the Library fund and the In-Home Supportive Services (“IHSS”) Public Authority fund. “Transfers Out” for Fiscal Years 2005-06 through 2007-08 also represent annual base rental payments to SANCAL.

General Fund Budget

The Board of Supervisors is required by State law to adopt a balanced annual budget no later than October 2 of each year. The County General Fund finances the legally authorized activities of the County not provided for in other restricted funds. General Fund revenues are derived from such sources as taxes, licenses, permits and franchises, fines, forfeitures and penalties, use of money and property, aid from other governmental agencies, charges for current services and other revenue. General Fund expenditures and encumbrances are classified by the functions of public safety, health and human services, land use and environment, community services, finance and general government and other. Increases in the aggregate appropriations based on actual or anticipated increases in available financing can be made after the annual budget has been adopted upon approval by a four-fifths vote of the Board of Supervisors.

To ensure that the expenditures do not exceed authorized levels or available financing sources, quarterly reviews are conducted covering actual and projected receipts and expenditures. In the event of any shortfall in projected revenue, immediate steps are taken to mitigate the shortfall through the identification of alternative funding sources or freezing appropriations. Similarly, if expenditures are projected to exceed appropriations, steps are taken to freeze expenditures in other accounts within the affected department or to transfer available resources to offset the added expenditure requirement. California counties are not permitted by State law to impose fees to raise general revenue, but only to recover the costs of regulation or provision of services. The Chief Financial Officer is responsible for monitoring and reporting expenditures within budgeted appropriations.

Fiscal Year 2010-11 Budget and Financial Position of the County

The Fiscal Year 2010-11 Adopted Budget for the County’s General Fund included expenditures of approximately \$3.74 billion and revenues and other financing sources of approximately \$3.74 billion. In accordance with the normal practice of the County, the Fiscal Year 2010-11 Adopted Budget has been adjusted to reflect carry-over appropriations from the prior fiscal year and program needs not included in the Fiscal Year 2010-11 Adopted Budget. As of March 31, 2011, the County’s Fiscal Year 2010-11 General Fund Amended Budget (the “Fiscal Year 2010-11 Amended Budget”) included expenditures of \$4.082 billion and revenues and other financing sources of \$4.082 billion. As of March 31, 2011, as reported in the Fiscal Year 2010-11 Third Quarter Operational Plan Status Report and Budget Adjustments (the “Third Quarter Report”) to be presented to the Board of Supervisors on May 24, 2011, based on the first nine months of Fiscal Year 2010-11, the County projected that its General Fund expenditures for Fiscal Year 2010-11 would be below the Fiscal Year 2010-11 Amended Budget by \$354.8 million and its General Fund revenues and other financing sources would be below the Fiscal Year 2010-11 Amended Budget by \$123.1 million. The net variance was a projected savings to the County’s

General Fund of \$231.7 million, which would be added to any remaining unreserved and undesignated General Fund Balance as of June 30, 2011. See also “– Status of Available Fund Balance” below.

The lower than budgeted projected expenditures in the General Fund are primarily attributable to the following:

- \$58.1 million in net salary and benefit appropriation savings, predominantly in the Public Safety Group (“PSG”) and Health and Human Services Agency (“HHSA”), but also in Land Use and Environment Group (“LUEG”), Community Services Group (“CSG”), and Finance and General Government Group (“FGG”), from lower than budgeted salaries and employee benefits costs due to staff turnover and department management of vacancies. Additional expenditures in PSG in the Department of Public Defender are associated with the expiration of a contract for Dependency Representation and staff remaining on the payroll for a period of time following the expiration of the contract to perform services.
- \$198.1 million in net appropriation savings in services and supplies across the County, primarily in HHSA and FGG but also in PSG, LUEG and CSG.
 - In HHSA, a projected positive variance of \$70.9 million are primarily in contracted services (e.g., in Behavioral Health Services related to un-awarded Mental Health Services Act and Alcohol and Drug Services contracts; lower than anticipated service levels in Early Periodic Screening, Diagnosis and Treatment and Medi-Cal; lower than estimated growth trends in IHSS Individual Provider costs; State funding reductions in contracts for Immunization services; and emergency appropriations for bio-terrorism and appropriations to mitigate unanticipated State reductions. Offsetting these projected positive variances are negative variances anticipated due to information technology activity; increased costs associated with County Medical Services, the Coverage Initiative, and additional costs at Polinsky Children’s Center and the San Pasqual Academy.
 - In FGG, a projected positive variance of \$41.3 million reflects resources that have been rebudgeted due to delays in the procurement process related to the Integrated Property Tax System. Savings in the County Technology Office reflects one-time savings associated with the server virtualization project. These resources have been allocated to fund new one-time enterprise information technology initiatives next year. Savings in the Auditor and Controller Department are due to a hold placed on information technology work during major system upgrades.
 - In PSG, a projected positive variance is anticipated in the Public Defender’s Office due to a year-end expenditure accrual and reversal and cost avoidance from the consolidation of the indigent defense program. Amounts have been rebudgeted due to a spending delay for the tree removal grant while an Environmental Impact Report is prepared. Additional savings include funds not required to match grants and consultant contract costs in the PSG Executive Office, savings in Probation as a result of efforts to reduce overall expenditures and savings in the Department of Child Support Services due to contract and lease/utility cost savings.
 - In LUEG, a projected positive variance in the Department of Planning and Land Use are anticipated due to delays in the Zoning Ordinance Update pending General Plan Update approval and savings from the multi-year implementation of the Business Case Management System (“BCMS”), both of which have been rebudgeted, and a Cal Trans

grant that was not awarded. A positive variance in Environmental Health are due to delays in awarding projects associated with the Vector Remediation Program, the delayed purchase of mobile inspection equipment, multiyear contract savings, BCMS resources which have been rebudgeted, and overall efforts to reduce expenditures. Public Works resources have been rebudgeted for projects including the Woodside Avenue Drainage project, one-time appropriation associated with the 2007 Firestorm, and one-time information technology projects. Additional expenditures are projected in Agriculture, Weights and Measures due to costs required to implement a mobile wireless upgrade and to develop management reports for the BCMS.

- In CSG, a projected positive variance is primarily due to lower than anticipated election-related costs for the November 2, 2010 Gubernatorial General Election in the Registrar of Voters. Savings in Housing and Community Development are anticipated due to the postponement of digitizing loan and grant documents, reduced fuel and vehicle maintenance costs.
- A net positive appropriation variance of \$51.6 million in other charges reflects net variances from budgeted caseload and aid payments. Spending is projected to be over budget in Public Health Services because of a requirement for additional support and care costs in the California Children's Services program and in Behavioral Health Services associated with an increase in State support and care hospital rates. These additional costs are offset by savings in Regional Operations, mainly the result of revised caseload levels in Child Care Stage 1, and savings in Child Welfare Services based on revised estimates of caseload levels, growth trends, and unit cost per case for Foster Care and Kinship Guardianship Assistance Payment programs. In PSG, savings are projected in the Sheriff's Department for lower than anticipated expenditures to support inmate health care, in the Office of Emergency Services due to delays in grant supported expenditures that will carry forward into next fiscal year, and in Contributions for Trial Courts to recognize the level of expenditures required to support the revenue sharing requirements of Government Code 77205, related to Trial Court funding. These savings are partially offset by additional expenditure requirements projected for Foster Care in the Probation Department. In CSG, savings are projected in Housing and Community Development due to lower than anticipated expenditures on multi-year projects. In addition, savings due to lower than budgeted tax and revenue anticipation note borrowing costs in Finance Other and various lease payments.
- \$2.2 million positive appropriation variance for operating transfers out in HHSA for the IHSS Public Authority related to health benefit costs for providers being less than budgeted, and delays in the Documentum 6.5 upgrade in the Purchasing Internal Service Fund.
- \$20.0 million in contingency reserves that are projected to be unspent at year-end.
- \$24.9 million in management reserves in HHSA (\$20.0 million), PSG (\$2.4 million), and in CSG (\$2.5 million) that are projected to be unspent at year-end.

The overall lower than budgeted projected revenues in the General Fund of \$123.1 million includes negative variances totaling \$147.3 million in various funding sources, with partially offsetting positive variances of \$24.2 million. With respect to the \$147.3 million lower than budgeted revenues, \$125.3 million is within intergovernmental revenues and is largely the result of expenditure savings in caseload driven programs and contracted services referenced above. An additional contributing factor to the lower than budgeted revenues is a projected shortfall of \$4.3 million in current property taxes. The projection reflects \$21.1 million in roll corrections and refund adjustments resulting from several large multi-year commercial reassessments, compared to \$6.7 million projected for these adjustments in the

first quarter and \$17.7 million projected for these adjustments in the second quarter. The remaining negative variances reflect the combination of unrealized revenue due to operational savings and various revenue shortfalls in charges for current services and fines, forfeitures and penalties.

A positive revenue variance of \$24.2 million is expected in the following categories: taxes other than current secured (\$15.1 million); licenses permits and franchises (\$2.2 million); revenue from use of money and property (\$2.5 million); and miscellaneous revenue (\$4.4 million).

Table 8 below sets forth the County's Adopted and final Amended Budgets for Fiscal Year 2009-10. The table also sets forth the Adopted Budget for Fiscal Year 2010-11, the Amended Budget as of March 31, 2011, the projected expenditures and revenues and other financing sources as reported in the Third Quarter Report, and the variance between the projected actual amounts and those contained in the Fiscal Year 2010-11 Amended Budget. The full report may be viewed on the County's website at <http://www.sdcounty.ca.gov/auditor/pdf/3rdqtr1011.pdf>. The information on such website is not incorporated herein by reference. The table also sets for the General Fund Proposed Budget for Fiscal Year 2011-12.

TABLE 8
GENERAL FUND
ADOPTED AND AMENDED BUDGET FOR FISCAL YEAR 2009-10,
ADOPTED AND AMENDED BUDGET AND PROJECTED RESULTS FOR
FISCAL YEAR 2010-11
AND PROPOSED BUDGET FOR FISCAL YEAR 2011-12
(In Thousands)

	2009-10 Adopted Budget	2009-10 Amended Budget⁽¹⁾	2010-11 Adopted Budget	2010-11 Amended Budget⁽⁵⁾	Projected Year End Results⁽²⁾	Variance from Amended Budget⁽³⁾	2011-12 Proposed Budget⁽⁶⁾
EXPENDITURES							
Public Safety	\$1,105,589	\$1,154,069	\$ 1,106,327	\$ 1,164,329	\$ 1,114,228	\$ 50,101	\$ 1,171,320
Health and Human Services	1,825,155	1,842,712	1,820,717	1,841,157	1,698,714	142,443	1,882,450
Land Use and Environment	184,783	211,272	191,847	180,901	152,689	28,212	153,477
Community Services	58,203	68,128	70,769	89,117	68,926	20,191	76,010
Finance and General							
Government and Other	496,283	693,293	528,131	785,631	691,795	93,836	414,206
Contingency Reserve and							
Designations Increases	120,000	120,000	21,260	21,260	1,260	20,000	0
Contingency Reserve and							
Increases in Fund Balance							
Commitments ⁽⁷⁾	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,320</u>
Total Expenditures ⁽⁴⁾	<u>\$3,790,013</u>	<u>\$4,089,474</u>	<u>\$ 3,739,051</u>	<u>\$4,082,395</u>	<u>\$ 3,727,612</u>	<u>\$ 354,783</u>	<u>\$ 3,733,783</u>
REVENUES							
Current Property Taxes	\$ 496,283	\$ 496,283	\$ 497,576	\$ 497,576	\$ 493,271	\$ (4,305)	\$ 505,814
Taxes Other Than Current							
Property Taxes	404,514	382,414	383,235	383,234	398,309	15,074	381,647
Licenses, Permits and							
Franchises	38,863	38,863	40,189	40,189	42,337	2,148	41,618
Fines, Forfeitures and Penalties	55,954	57,170	54,668	56,774	53,055	(3,719)	54,364
Use of Money and Property	17,399	17,399	16,969	16,969	19,482	2,513	17,691
Aid from Other Government							
Agencies	1,893,796	1,950,379	1,912,830	1,949,219	1,823,896	(125,323)	1,969,784
Charges for Current Services	266,686	272,713	290,512	290,894	277,026	(13,868)	289,105
Miscellaneous Revenues and							
Other Financing Sources	<u>272,792</u>	<u>278,772</u>	<u>251,712</u>	<u>265,331</u>	<u>269,721</u>	<u>4,391</u>	<u>267,114</u>
Total Revenues ⁽⁴⁾	<u>\$3,446,288</u>	<u>\$3,493,993</u>	<u>\$ 3,447,691</u>	<u>\$3,500,186</u>	<u>\$ 3,377,097</u>	<u>\$(123,089)</u>	<u>\$ 3,527,137</u>
Estimated Use of Unreserved							
and Designated Fund							
Balance	\$ 7,176	\$ 7,176	\$ 4,608	\$ 4,608	\$ 4,608	\$ 0	\$ 0
Estimated Use of Committed							
Fund Balance ⁽⁷⁾	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,893
Estimated Use of Unreserved							
and Undesignated Fund							
Balance	336,550	351,136	286,752	296,745	296,745	0	0
Estimated Use of Unassigned							
Fund Balance ⁽⁷⁾	0	0	0	0	0	0	200,753
Estimated Use of Fund Balance							
Reserved for Encumbrances	0	237,169	0	280,856 ⁽⁵⁾	280,856 ⁽⁵⁾	0	0
Estimated Use of Fund Balance							
for Encumbrances ⁽⁷⁾	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Resources Utilized ⁽⁴⁾	<u>\$3,790,013</u>	<u>\$4,089,474</u>	<u>\$ 3,739,051</u>	<u>\$4,082,395</u>	<u>\$ 3,959,306</u>	<u>\$(123,089)</u>	<u>\$ 3,733,783</u>
Net Savings from the Fiscal							
Year 2010-11 Amended Budget					<u>\$ 231,694</u>	<u>\$ 231,694</u>	

(Table continued from prior page.)

Source: County of San Diego Auditor and Controller.

(1) Reflects budgeted expenditures and revenues included in the 2009-10 Adopted Budget as amended and adjusted to include all budgeted appropriations and revenues as of June 30, 2010.

(2) Reflects, as of March 31, 2011, the amended budget and projections of the expenditures and revenues of the County's General Fund for Fiscal Year 2010-11.

(3) As currently projected; reflects the difference between the budgeted expenditures, revenues and other financing sources of the County's General Fund in the Fiscal Year 2010-11 Amended Budget as of March 31, 2011 and the projected expenditures, revenues and other financing sources of the County's General Fund for Fiscal Year 2010-11. Amounts without parentheses indicate a variance favorable to the County's General Fund. Amounts with parentheses indicate a variance unfavorable to the County's General Fund.

(4) Total may not equal the sum of the line items due to rounding.

(5) Reflects carry-over appropriations from the prior fiscal year.

(6) Reflects appropriations, revenues and other financing sources included in the 2011-12 Proposed Budget.

(7) Reflects changes pursuant to GASB 54. "Contingency Reserves and Designation Increases" has been changed to "Contingency Reserves and Increases in Fund Balance Commitments", "Estimated Use of Unreserved and Designated Fund Balance" has been changed to "Estimated Use of Committed Fund Balance", "Estimated Use of Unreserved and Undesignated Fund Balance" has been changed to "Estimated Use of Unassigned Fund Balance", and "Estimated Use of Fund Balance Reserved for Encumbrances" has been changed to "Estimated Use of Fund Balance for Encumbrances".

Status of Available Fund Balance

The unreserved and undesignated portion of the General Fund Balance as of June 30, 2010 was \$493.6 million. See Table 6 entitled "General Fund Balance Sheet" herein for a description of the fund balance of the General Fund for the Fiscal Years ending June 30, 2008, June 30, 2009, and June 30, 2010, respectively. Included in the Fiscal Year 2010-11 Adopted Budget were appropriations based on the unreserved and undesignated portion of the General Fund Balance of approximately \$286.8 million. Accordingly, the available unreserved and undesignated portion of the General Fund Balance was reduced to \$206.8 million. Due to a technical oversight, during the year-end encumbrance carry-over process a \$1.8 million encumbrance was carried forward into Fiscal Year 2010-11; however, the associated appropriations did not. This will result in the use of current year appropriations and funding to support the encumbrance. Available fund balance is increased by \$1.8 million as a result of less fund balance being used in the carry forward budget. The total of this adjustment increases the available unreserved and undesignated fund balance to \$208.6 million.

Subsequently, the Board of Supervisors approved the appropriation of an additional \$6.0 million in unreserved and undesignated General Fund Balance for various items, including \$3.5 million for the Rancho San Diego Sheriff's Station, \$2.35 million to the District Attorney's Office to support programs promoting reentry and re-integration of offenders into San Diego communities, and \$0.15 million to the Probation Department for salaries and benefits for the Reentry Court program. The total of these actual adjustments reduced the available unreserved and undesignated fund balance to \$202.6 million.

Pursuant to the First Quarter Operational Plan Status Report and Budget Adjustments (the "First Quarter Report"), which is based on the first three months of Fiscal Year 2010-11, an additional \$4.9 million in unreserved and undesignated General Fund Balance was approved to be used for various items, including appropriations for supplies and equipment, mobile data computers and vehicle depreciation costs in the Sheriff's Department, the designation of fund balance for Environmental Health in the amount of \$1,170,821, appropriations in Parks and Recreation to provide funding for a Coordinator, Volunteer and Public Services position and for tree removal and replanting, for fixed assets equipment for trail maintenance, and for the purchase and installation of monument entry signs, as well as appropriations in Land Use and Environment Group Executive Office for a Public Facing Mapping Application, in Purchasing and Contracting to support the Documentum 6.5 upgrade, the Active Directory Integration, and other Enterprise Content Management projects, one-time costs in the Board of Supervisor's offices,

and for Hilton Head Park Irrigation appropriations needed to complete the irrigation project. The total of these anticipated adjustments reduced the available unreserved and undesignated fund balance from \$202.6 million to \$197.7 million.

In the Fiscal Year 2010-11 Second Quarter Operational Plan Status Report and Budget Adjustments, no additional appropriations were proposed to be appropriated using General Fund Balance.

The Board of Supervisors also approved the appropriation of \$0.22 million in unreserved and undesignated General Fund Balance for projects at the Rancho Guajome Adobe Park, Guajome Regional Park, and Lamar Park. The total of these adjustments reduced the available unreserved and undesignated fund balance to \$197.5 million.

In the Third Quarter Report to be presented to the Board of Supervisors on May 24, 2011, an additional \$1.5 million in unreserved and undesignated General Fund Balance is recommended to complete an upgrade to PeopleSoft Applications. This adjustment reduces the available unreserved and undesignated fund balance to \$196.0 million.

If there were no further uses of fund balance for the remainder of the year and the projected \$231.7 million in net savings in the 2010-11 budget (as shown in Table 8) were to be realized, the unreserved and undesignated General Fund Balance as of June 30, 2011 would be \$427.7 million. The County makes no assurances that no further use of available fund balance will occur. See "Fund Balance and Reserves Policy" below.

The County's General Fund Balance projections are subject to change as additional information becomes available. The County does not prepare any formal update of its General Fund Balance projections after the third quarter. The next formal update of the County's General Fund Balance will occur in connection with the audit of the basic financial statements of the County for the Fiscal Year ending June 30, 2011, which is expected to be completed by December 31, 2011.

County's Fiscal Year 2011-12 Proposed Budget and the Operational Plan

Proposed Operational Plan

The County annually prepares a two-year operational plan, the most recent of which was proposed by the County's Board on May 10, 2011 (the "Proposed Operational Plan"). The first year of the Proposed Operational Plan is the Fiscal Year 2011-12 Proposed Budget and the second year represents an estimate of the revenues and expenditures of the County for Fiscal Year 2012-13. The Operational Plan reflects the budgets for all funds within which the County accounts for the services it provides to its residents and property and business owners. The largest single fund is the General Fund, which accounts for the majority of the County's activities.

The County's Proposed Budget for the County General Fund for Fiscal Year 2011-12 is approximately \$3.73 billion, with Total Appropriations of approximately \$3.73 billion, Total Revenues of approximately \$3.53 billion, and total estimated use of the Fund Balance Component Decreases/Increases (formerly Unreserved and Designated Fund Balance and the Unreserved and Undesignated Fund Balance) of approximately \$5.9 million and \$200.8 million, respectively. See Table 8 entitled "GENERAL FUND ADOPTED AND AMENDED BUDGET FOR FISCAL YEAR 2009-10, AND ADOPTED AND AMENDED BUDGET AND PROJECTED RESULTS FOR FISCAL YEAR 2010-11 AND PROPOSED BUDGET FOR FISCAL YEAR 2011-12" herein for a summary of the County's 2011-12 Proposed Budget. The Proposed Operational Plan is available on the County's website at <http://www.sdcountry.ca.gov/auditor/budinfo.html>, but is not incorporated herein by reference.

Summary of General Fund Financing Sources

In the Proposed Operational Plan, General Fund Financing Sources total \$3.73 billion for Fiscal Year 2011-12, a \$5.3 million or 0.1% decrease from Fiscal Year 2010-11. They are expected to decrease further by \$194.8 million or 5.2% in Fiscal Year 2012-13. In comparison, the Fiscal Year 2010-11 Adopted Budget was 1.3% below the prior year, while the previous nine fiscal years saw an average annual growth rate of 4.5%. The Proposed Operational Plan decrease reflects the continued effects of the national and international economic downturn, the impact of the State's budget constraints, and estimates of available program and General Purpose Revenue. General Fund Financing Sources can be categorized as one of three types: Program Revenue, General Purpose Revenue, or Use of Fund Balance (including Fund Balance Component Decreases – formerly Reserves/Designation Decreases).

Program Revenues. Program Revenues are expected to total approximately \$2.56 billion in Fiscal Year 2011-12 and \$2.50 billion in Fiscal Year 2012-13. These revenues make up 68.6% of General Fund Financing Sources in Fiscal Year 2011-12, and are derived primarily from State and federal subventions and grants, and charges and fees earned from specific programs. Program Revenues are expected to increase by 2.78% over the Fiscal Year 2010-11 Adopted Budget compared to an average annual growth for the last eight years of 2.9%.

General Purpose Revenue. General Purpose Revenue, budgeted at approximately \$964.4 million in Fiscal Year 2011-12 and \$965.6 million in Fiscal Year 2012-13, comprise approximately 25.8% of General Fund Financing Sources. This revenue is derived from property taxes, property tax in lieu of Vehicle License Fees ("VLF"), the Teeter program, sales and use tax (and property tax in lieu of sales tax), real property transfer tax, Aid from Redevelopment Agencies, and miscellaneous other sources. They may be used for any purpose that is a legal expenditure of County funds. The Board of Supervisors, therefore, has the greatest flexibility with this revenue when allocating resources to fund programs and services.

The growth in this revenue is principally affected by the local and State economies, with over 85% of General Purpose Revenue tied to activity in the real estate market. From Fiscal Year 1999-2000 through Fiscal Year 2009-10, General Purpose Revenue grew by an annual average of \$46.4 million. Fiscal Year 2010-11 saw an increase in budgeted General Purpose Revenue of \$3.7 million.

For Fiscal Year 2011-12, the \$964.4 million budgeted for General Purpose Revenue is an increase of \$10.0 million from the Fiscal Year 2010-11 budgeted amount of \$954.4 million. This revenue reflects the continued weakness in the real estate market and gradual improvement in retail sales, but also reflects improvements in some of the other component accounts based on actual experience in Fiscal Year 2010-11. The Fiscal Year 2011-12 current secured property tax revenue amount assumes a 0.5% decrease in the local secured assessed value due to anticipated reductions associated with commercial assessment reviews, but the impact on property tax revenues will be mitigated by an expected stabilization in refunds and corrections, a projected improvement in the delinquency rate and the fact that the assessed value decline used to develop the budget in Fiscal Year 2010-11 was less than anticipated. Revenues related to Real Property Transfer Tax and Aid from Redevelopment Agencies show an increase from the Fiscal Year 2010-11 budgeted amount.

Use of Fund Balance. Use of Fund Balance, including Fund Balance Component Decreases (formerly Reserve/Designation Decreases) totals approximately \$206.6 million in Fiscal Year 2011-12 and \$72.7 million in Fiscal Year 2012-13. It represents 5.5% of General Fund Financing Sources in Fiscal Year 2011-12. This resource is used for one-time expenses, not for the support of ongoing operations. This compares with \$291.4 million in uses of fund balance in the Fiscal Year 2010-11 Adopted Budget, which equaled 7.8% of total General Fund Financing Sources.

In the Proposed Operational Plan, a portion of the unreserved General Fund fund balance is budgeted as the funding source for various one-time or project specific purposes such as: one-time capital needs for the volunteer fire protection districts via the Fire Protection and Emergency Medical Services Grant Program, Aerial Fire Suppression “Call When Needed” support, reentry programs rebudget in the District Attorney and Probation departments, resources for Child Support Services to match available federal funds for one year, County Administration Center relocation for Public Safety Group Executive Office, Miramar Range Training Center operational support, food services equipment for Sheriff's facilities, Public Defender support for the remaining term of certain lease costs associated with the discontinued contract for Family Dependency Services, safety equipment for the Sheriff's Department, Regional Communication System initial support pledged toward the County share of region-wide funding required to design, procure and install the system platform, defense of special circumstance cases rebudget, and replacement of radio communication equipment.

Other uses include: Stabilization support, in decreasing amounts, to allow for economic recovery of Proposition 172 revenues, one-time major maintenance projects, Health and Human Services support for transition from future State cuts or economic downturn, Grand Avenue clinic sale proceeds commitment for Public Health, public outreach for maternal, child and family health, relocation efforts related to the County Operations Center capital project, General Plan Update/Zoning Ordinance project costs rebudget, Multiple Species Conservation Program “MSCP” (North) Resource Management Plans to protect biological and cultural resources rebudget, Smuggler's Gulch dredging project rebudget, Fire program prevention and response activities such as: Fire Safe Communities Evacuation Study rebudget, defensible space management, volunteer program stipends, vehicle, equipment and fire apparatus grant match, consultant services for vegetation management environmental impact report and volunteer personal safety equipment rebudget.

Additional uses include: Firestorm 2007 rebuilding permit waiver rebudget, Parks and Recreation energy savings projects, Planning and Land Use Code Enforcement temporary staffing support rebudget, Planning and Land Use Code Enforcement abatements rebudget, Planning and Land Use plan for addressing greenhouse gas emissions in projects in compliance with Assembly Bill (AB) 32, California Global Warming Solutions Act of 2006, Purchase of Agriculture Conservation Easements program support, Parks and Recreation community target marketing plan, Parks and Recreation signage and health and safety needs, Planning and Land Use building permit study to establish a permit self-certification program, Public Works San Diego Association of Governments quality of life study, consultants for grants and Federal Emergency Management Agency assistance for the Land Use and Environment Group, Tribal liaison consultants and support, Woodside Drainage improvement rebudget, Sweetwater-Jamul Drainage Master Plan rebudget, Public Works Stormwater program financing alternatives study, residential integrated pest management program rebudget, Proctor Valley Road closure rebudget, Regional Water Quality Control Board bacteria total maximum daily load reporting requirement compliance study, Animal Services interactive voice response system, Registrar of Voters February 2012 election support, Registrar of Voters Top Two Primary Act support, Continuation of Vote-by-Mail program.

Still further uses include various information technology projects, such as: District Attorney Case Management System and Information Technology (“IT”) refresh rebudget, IT refresh in the Sheriff's Department, Probation Case Management System, support the initial development of IT proposals that involve multiple County departments and systems, Business Process Reengineering, imaging and IT initiatives, including Microsoft Windows 7 remediation upgrade, in the Health and Human Services Agency, Geographic Information System enhancements rebudget, document imaging, digitization and Documentum records management integration in Land Use and Environment Group, Land Use and Environment Group Business Case Management System rebudget and enhancements, Public Works Integrated Regional Water Management data management system grant match, Public Works upload of

reports to State, Enterprise Resource Planning initiatives related to system access management, website design, virtualization of desktop computers and data storage, Documentum electronic repository for CD project files rebudget in Housing and Community Development, Registrar of Voters Internet election disclosures and digitization of signatures from microfiche, Human Resources one-time licensing related to "On-Boarding" system project, Web Integrated Tax System 3.0 upgrade, Integrated Property Tax System rebudget and data imaging enhancements rebudget, County Administration Center seismic evaluation, Grand Jury carpet replacement, Workforce Academy for Youth program, capital projects, including MSCP land purchase, Agua Caliente Park cabins for campers, and Animal Services long-term care facility, grants provided to community organizations, negotiated one-time 2% salary payments not covered by other funding sources and management reserves.

Summary of Total Appropriations in the Proposed Operational Plan

The Proposed Operational Plan includes appropriations totaling \$4.84 billion for Fiscal Year 2011-12 and \$4.52 billion for Fiscal Year 2012-12. This is a decrease of \$114.1 million or 2.3% for Fiscal Year 2011-12 from the Fiscal Year 2010-11 Adopted Budget. Appropriations for the General Fund are \$3.73 billion, a \$5.3 million or 0.1% decrease from Fiscal Year 2010-11. The General Fund constitutes 77.1% of the County's total appropriations. Further, the Fiscal Year 2011-12 Proposed Operational Plan reflects a staffing reduction of 153.00 full time equivalents ("FTEs"), 131.25 of which are in the General Fund. This staffing reduction will lower budgeted FTEs for the County from 15,842.25 in Fiscal Year 2010-11 to 15,689.25 in Fiscal Year 2011-12.

The Proposed Operational Plan by Group/Agency includes decreased appropriations in Land Use and Environment, Community Services, the Capital Program and Finance Other, while they are increasing in Public Safety, HHSA and Finance and General Government. HHSA, at \$1.92 billion, continues to constitute the largest share of the budget at 39.6%, followed by the Public Safety Group at \$1.41 billion, or 29.0%.

The appropriation and staffing changes by Group/Agency are summarized below.

Public Safety Group – includes a net increase of 7.5% or \$98.3 million from the Fiscal Year 2010-11 Adopted Budget and a decrease of 68.25 staff years. The appropriation increase primarily relates to increases in wage and benefit costs that reflect negotiated labor agreements and increases in County retirement contributions, the transfer of activities from the Land Use and Environment Group to the Public Safety Group, modest growth in Proposition 172 funding and the planned use of one-time resources. Reductions in State funding for contract dependency representation services are recognized. Certain other State and federal revenues are carried over from previous years.. All mandated services are maintained.

Health and Human Services Agency – includes a net increase of 3.3% or \$62.3 million from the Fiscal Year 2010-11 Adopted Budget and a decrease of 24.00 staff years. The net increase is associated with the implementation of Low Income Health Program, increases in behavioral health contracted services, as well as increases in wage and benefit costs that reflect negotiated labor agreements and increases in county retirement contributions, offset by reductions in In-Home Supportive services based on caseload trends and decrease in immunization services due to State cuts.

Land Use and Environment Group – includes a net decrease of 16.3% or \$80.3 million over the Fiscal Year 2011-12 Adopted Budget and a decrease of 45.00 staff years. Significant decreases are due to the mid-year transfer of the San Diego County Fire Authority to the Public Safety Group, one-time costs for the completion of information technology projects, the near completion of Proposition 1B, Transportation Bond Act, funded road projects and the use of one-time fund balance for the establishment

of replacement reserves for infrastructure and equipment in the Sanitation Districts. These decreases are offset by increases in wage and benefit costs that reflect negotiated labor agreements, increases in County retirement contributions and the re-budgeting of one-time appropriations for the Business Case Management System, Phase III and for various projects such as the Woodside Avenue Drainage Project required matching funds, Mobile Source Emission Reduction Incentive Program, Zoning Ordinance Update and Fire Rebuild Fee Waiver.

Community Services Group – includes a net decrease of 2.6% or \$7.5 million from the Fiscal Year 2010-11 Adopted Budget and a decrease of 14.75 staff years. The decrease is mainly due to the alignment of County Library resources to available funding, lower levels of discretionary maintenance projects, and Housing and Community Development programs that were funded by economic stimulus or other nonrecurring grants. Offsetting the decreases in program appropriations is an increase of \$8.5 million in elections costs due to the scheduled February 2012 presidential primary, in addition to the June 2012 statewide primary, and the new "top two" ballot format for the latter, and increases in wage and benefit costs that reflect negotiated labor agreements and increases in County retirement contributions.

Finance and General Government Group – includes a net increase of 0.8% or \$2.9 million from the Fiscal Year 2010-11 Adopted Budget and a decrease of 1.00 staff year. The increase is mainly due to increases in wage and benefit costs that reflect negotiated labor agreements and increases in County retirement contributions. The proposed budget also contains increases for one-time enterprise information technology projects. However, there are offsetting decreases in contributions for public liability coverage, and a reduced amount of budgeted management reserves for unanticipated information technology needs.

Capital Program – includes a net decrease of \$75.6 million (37.4 %) from Fiscal Year 2010-11 Adopted Budget. The amount budgeted in the Capital Program can vary significantly from year to year. The Fiscal Year 2011-12 Capital Program includes: \$70.0 million for the Women's Detention Facility replacement project, \$35.1 million for the County Administration Center ("CAC") Waterfront Park, \$10.0 million for MSCP, \$0.5 million for the Agua Caliente Park environmentally conscious-designed cabins, \$0.5 million for long-term animal care facility in Bonita, \$0.2 million for the Sweetwater Lane Park exercise path, \$0.1 million for the Lincoln Acres Park pavilion and playground project, \$0.1 million for Goodland Acres Park improvements, \$0.1 million for Don Dussault Park improvements and \$0.1 million for the Jess Martin Park ball field improvements

Finance Other – includes a net decrease of \$114.0 million or 25.6% from Fiscal Year 2010-11. Many of the appropriations in this group vary little from year to year, but some appropriations reported here are one-time and can fluctuate significantly from year to year. One-time appropriations in Fiscal Year 2010-11 included \$119.8 million for the County Operations Center ("COC") and Annex Redevelopment – Phase 1B project and \$55.0 million for the Women's Detention Facility as well as several other projects discussed in the Fiscal Year 2010-11 budget. In the Fiscal Year 2011-12 Proposed Budget, the general fund contribution to the Capital Program continues to include significant one-time appropriations where \$81.0 million is proposed for several projects discussed in the "Capital Program" section above.

Impact of the Governor's Fiscal Year 2011-12 Proposed Budget on the County's Fiscal Year 2011-12 Proposed Budget

On January 10, 2011, Governor Brown (the "Governor") released his 2011-12 Proposed Budget (the "Fiscal Year 2011-12 Proposed State Budget"), which projects an estimated \$8.2 billion budget deficit for Fiscal Year 2010-11 and a \$17.2 billion budget deficit in Fiscal Year 2011-12 absent corrective action. See "STATE OF CALIFORNIA BUDGET INFORMATION AND FEDERAL STIMULUS INFORMATION – State Budget for 2010-11" herein. Among other things, the Fiscal Year 2011-12

Proposed State Budget includes proposals to reduce expenditures by approximately \$12.5 billion and generate an additional \$14.0 billion in revenues (\$3.0 billion of which is attributed to Fiscal Year 2010-11) by extending four temporary tax increases, subject to voter approval, and shifting funding and responsibility for certain services to local governments.

The Governor proposes to effect the realignment in two phases. The first phase of the Governor's proposed realignment focuses on public safety programs and includes shifting funding for local public safety programs as well as shifting state responsibility and authority to the local level in the areas of: management of low-level offenders and adult parolees, juvenile justice programs, court security, substance abuse disorder treatment, foster care and child welfare services, adult protective services, and mental health programs. The second phase of the Governor's proposed realignment would focus on implementation of national health care reform. The Governor's rationale for proposing such a significant realignment is based on the premise that local government can run programs in a more cost effective and efficient manner because they are much closer to the people who are receiving the services.

The details, process and structure of the realignment proposal and many aspects of the Fiscal Year 2011-12 Proposed Budget remain subject to negotiation, although certain legislative and executive actions have occurred. In March 2011, the State Legislature passed several bills implementing a portion of the Fiscal Year 2011-12 Proposed State Budget and purportedly closed approximately half of the State's estimated \$26.6 billion budget gap. Subsequently, the Governor signed 14 bills to purportedly reduce California's budget deficit by a total of \$11.2 billion, including expenditure reductions of \$8.2 billion, revenue solutions of \$0.3 billion and \$2.6 billion in other solutions. The Governor also signed AB 109 (Public Safety Realignment), which approves the first phase of realignment and becomes effective only after a community corrections grant program is established and appropriation is made to support the program. However, funding for realignment is uncertain as a special election to consider extension of certain temporary income taxes has not been authorized. There is a proposed constitutional amendment (SCA 1X and ACA 2X) to guarantee funding to counties and constitutional protections to mitigate future financial risk, which the Governor reportedly supports. While the details of the proposed realignment of government services and funding levels are unclear at this time, certain aspects of the proposals are expected to have negative impacts on County operations, contract service providers and clients.

Separate from realignment costs, the County currently receives \$20.6 million in funding supported by the temporary increase in Vehicle Licensing Fees, which is scheduled to expire June 30, 2011 unless the voters approve the temporary tax extensions proposed by the Governor. It is unclear whether such funding will continue to be available after the scheduled expiration date. Also, the Governor's proposed budget does not include reimbursement for any special election which, if one occurs, is estimated to cost the County up to \$6 million. The Fiscal Year 2011-12 Proposed State Budget does not address what additional cuts may be proposed in the event of an unsuccessful ballot measure for tax extensions. Should the tax measures be extended for an additional five years, the Governor's Office has suggested the State would remain responsible for continuing to provide funding after the tax extension sunsets. The absence of a dedicated funding source in future years could result in a significant impact for the County should the proposed realignment be adopted. Certain California counties have been working on a proposed State constitutional amendment to address certain protections and continuing funding of realignment.

The Fiscal Year 2011-12 Proposed State Budget also aims to phase out redevelopment agencies beginning in Fiscal Year 2011-12. Redevelopment agencies would be directed to suspend the creation of new projects and successor agencies would assume existing debts and contracts to be retired according existing payment schedules. The Fiscal Year 2011-12 Proposed State Budget suggests a new funding mechanism for local redevelopment, a shift in property taxes to other local entities and the diversion of

\$1.7 billion to the State's general fund in Fiscal Year 2011-12 for Medi-Cal and trial courts. One-time funding, equal to pass-through payments that otherwise would be received, would be provided. There would be an estimated \$210 million left over for distribution to counties, cities, and special districts, according to their proportionate share of current property tax. Preliminary estimates indicate that the County General Fund would receive additional one-time revenue of approximately \$8 million. In subsequent budget years, the tax increment property tax that remains after payments on debt service and existing contracts would go to the counties, cities, non-enterprise special districts and schools. The impact in subsequent years as redevelopment agencies' debt and contracts are paid off is unknown.

State legislative actions have also resulted in substantial reductions in funding for child care, health care, California Work Opportunity and Responsibility to Kids ("CalWORKs") cash assistance and people with disabilities, and a range of other State services. The CalWORKs funding reductions will be effected through, among other things, an 8% decrease in monthly aid benefits, a decrease in the amount of time parents or relative caretakers can receive aid (from 60 to 48 months) and a \$50 million statewide reduction in administrative funding from Fiscal Year 2010-11 levels, the last of which may result in a loss of several million dollars to the County. Medi-Cal provider rates will be reduced by 10%, which may result in lower administrative funding for Edgemoor facility. In addition, local First Five Commissions (developed as part of the California Children and Families Commission approved by voters in 1998 pursuant to Proposition 10) statewide will be required to transfer over \$950 million of reserves to the State for direct health services to children. Such transfer is estimated to result in an \$88 million loss to the County. Further, the Governor is proposing to suspend reimbursements for most mandates not related to public safety or property taxes, including election related mandates which include voter registration, absentee ballots, and permanent absentee voters.

In addition to the above, the State, among other things, funds many County health and social services programs and provides funding to help sustain public safety, health and human services and transportation programs. The County continues to review the Fiscal Year 2010-11 State Budget Act to determine the appropriate course of action.

Impact of the Fiscal Year 2011-12 May Revision on the County's Fiscal Year 2011-12 Proposed Budget

On May 16, 2011, the Governor released the May Revision to the Fiscal Year 2011-12 Proposed State Budget (the "May Revision"), which projects a budget deficit of \$9.6 billion through Fiscal Year 2011-12. See "STATE OF CALIFORNIA BUDGET INFORMATION AND FEDERAL STIMULUS INFORMATION – State Budget for Fiscal Year 2011-12" herein. The May Revision includes many of the proposals set forth in the Fiscal Year 2011-12 Proposed State Budget, including budgetary savings through realignment of certain State and local government responsibilities and funding such realignment with proceeds of certain temporary tax extensions, subject to voter approval. The May Revision slightly modifies the number of programs previously slated for realignment, makes adjustments for caseload changes, and proposes that 0.4% of the VLF increase be allocated to realignment, with the remaining 0.1% dedicated to the State General Fund, versus dedication of the full 0.5% to realignment as proposed in the Fiscal Year 2011-12 Proposed Budget.

The County continues to review the provisions of the May Revision and the types of reductions that may be necessary should the revenue generating proposals set forth therein fail to pass, including additional reductions in funding for public safety programs, court security, fire prevention and protection and further reductions to health and human services through reduced CalWORKs grants, elimination of services for many IHSS recipients, capping Medi-Cal coverage and greater cuts to developmental services. Absent clarification on certain proposals, it is not possible to estimate the potential monetary impact of the State budget on the County. The County intends to await the adoption of the Fiscal Year

2011-12 State Budget before determining the actions it will take with respect to the Fiscal Year 2011-12 County Budget.

Fund Balance and Reserves Policy

The County's Fund Balance and Reserves Policy (the "Fund Balance and Reserves Policy") establishes guidelines regarding the maintenance of fund balance and reserve levels in the General Fund. Pursuant to the Fund Balance and Reserves Policy, subject to a waiver of all or a portion of such policy by the Board of Supervisors, the County will maintain: a Commitment for Unforeseen Catastrophic Events (the "Commitment for Unforeseen Catastrophic Events") with a targeted amount equivalent to 5% of the total budgeted General Purpose Revenue to fund legally declared emergencies; a Contingency Reserve (the "Contingency Reserve") with a targeted amount equivalent to 2% of the total budgeted General Purpose Revenue to fund unanticipated needs of the County or offset revenue shortfalls during the Fiscal Year; and a General Fund Minimum Fund Balance for Economic Uncertainty (the "General Fund Minimum Fund Balance for Economic Uncertainty") at the targeted level of 10% of the total budgeted General Purpose Revenue. In the event that the Commitment for Unforeseen Catastrophic Events, the Contingency Reserve or the Minimum Fund Balance for Economic Uncertainty fall below their targeted levels, the CAO will present a plan to the Board of Supervisors for restoration of those levels.

The Commitment for Unforeseen Catastrophic Events, Contingency Reserve and the General Fund Minimum Fund Balance for Economic Uncertainty totals set forth in the Fiscal Year 2011-12 Proposed Budget exceed the County's 17% Fund Balance and Reserves Policy target. The General Purpose Revenue in the Fiscal Year 2011-12 Proposed Budget totals \$964.4 million. For Fiscal Year 2011-12, the Commitment for Unforeseen Catastrophic Events is budgeted to remain at \$55.5 million, exceeding the reserve requirement of \$48.2 million; the Contingency Reserve is budgeted to remain at \$20.0 million, exceeding the target level of \$19.3 million; and the General Fund Minimum Fund Balance for Economic Uncertainty will also remain at \$100.0 million, exceeding the target level of \$96.4 million. See also "– Budget and Financial Position of the County" and "– County's 2011-12 Proposed Budget and the Operational Plan," herein.

Teeter Plan

In Fiscal Year 1993-94, the County adopted the alternative method of secured property tax apportionment available under Chapter 3, Part 8, Division 1, of the Revenue and Taxation Code of the State of California (also known as the "Teeter Plan"). This alternative method provides for funding each taxing entity included in the Teeter Plan with its total secured property taxes during the year the taxes are levied, including any amount uncollected at Fiscal Year end. Under this plan, the County assumes an obligation to advance funds to these entities to cover expected delinquencies. The County's general fund benefits from future collections of penalties and interest on delinquent taxes collected on behalf of participants in this alternative method of apportionment.

From June 1996 through June 2005, the County issued on an annual basis its Teeter Obligation Commercial Paper Notes ("Teeter Notes") to finance delinquent property tax receivables. The County has not issued Teeter Notes to fund delinquencies since June 15, 2006. All of the County's Teeter Notes have been paid in full. The County intends to fund its obligations under the Teeter Plan through available monies in the General Fund. There are currently no plans to issue Teeter Notes in the future.

Temporary Transfers

Section 6 of Article XVI of the California Constitution provides for temporary transfers of funds by the Treasurer-Tax Collector of the County (the “Temporary Transfers”; such transfers are referred to as Treasurer’s Loans from time to time) to cover short-term operational deficits occurring as a result of imbalances between receipts and expenditures. The California Constitution prohibits Temporary Transfers by participants of the Treasury Pool (herein defined) (including the County) prior to the first day of the Fiscal Year or after the last Monday of April of each Fiscal Year, and of amounts in excess of 85% of the school district taxes levied by a county under Section 21 of Article XIII of the California Constitution and of amounts apportioned to such school district under Section 6 Article IX of the California Constitution. Treasury Pool participants may utilize Temporary Transfers from time to time for various purposes. A Temporary Transfer must be repaid from the Treasury Pool participant’s first revenues received thereafter before any other obligation and thus, in the case of the County, would have a priority over the County’s general fund debt obligations. The County has not received any Temporary Transfers in the past ten years.

San Diego County Employees Retirement Association

The following information concerning the San Diego County Employees Retirement Association (the “Association”) has been excerpted from publicly available sources, which the County believes to be accurate, or otherwise obtained from the Association. The Association is not obligated in any manner for payment of debt service on the Tax and Revenue Anticipation Note Program Note Participations, Series 2010 (the “Note Participations”) described in the forepart of the Official Statement, and the assets of the County’s pension plan are not available for such payment. The Association issues publicly available reports, including its financial statements, required supplementary information and actuarial valuations for the herein described pension plan and retiree health plan. The reports are available on the Association’s website: <http://www.sdcera.org/investments.htm>. Information on such site is not incorporated herein by reference.

General

The Association, which was established July 1, 1939 under provisions of the County Employees Retirement Law of 1937 (the “Retirement Law”), administers the County’s cost-sharing multiple-employer defined benefit pension plan covering substantially all compensated employees of the County. Benefits under the County’s pension plan are paid in finite amounts, derived from a formula based on age, service credit and levels of compensation, as calculated by the Association in accordance with applicable law and agreements. As of June 30, 2010, there were 16,981 active members, 13,922 retired members and beneficiaries and 5,254 deferred members. Deferred members are those members whose employment has terminated with a participating employer and who left their respective retirement contributions with the Association. The system operates on a fiscal year basis, with its year ending June 30. The pension system has four tiers and provides retirement, disability, death and survivor benefits to its General and Safety members. Tier B is the current open plan, which became effective on August 28, 2009. Tier A (with 13,468 active members as of June 30, 2010) and Tier I (with 42 active members as of June 30, 2010) are closed to new entrants, and Tier II was eliminated for active members. See “County of San Diego Employees – Negotiated Retirement Amendments” herein for a description of modifications to the benefit tiers effective August 28, 2009.

The County is one of the employers that participate in the Association. In addition to the County, participating employers include the San Diego Superior Court (the “Court”), the Local Agency Formation Commission and the San Dieguito River Valley Joint Powers Authority. The County and these other participating employers are collectively referred to herein as the “Employers” and contributions to the

Association made by such Employers are referred to herein as “Employer Contributions”. The County is obligated to make approximately 91% of the annual Employer Contributions to the Association and the other participating Employers are obligated to make approximately 9% of the annual Employer Contributions to the Association, based on the estimated relative percentage of payroll of the County and the other participating Employers for Fiscal Year 2009-10. Separate from the Employers, the San Diego County Office of Education (the “Office of Education”) has approximately 24 retirees who participate in the Association’s retirement plan and receive benefits, but no longer makes contributions to the Association. Retirement benefits for these 24 retirees are funded by contributions previously made by the Office of Education.

General Funding Practices of the Association

Introduction. The Retirement Law requires the Association to commission an actuarial valuation and an experience study at least every three years. The Association’s practice has been to conduct an actuarial valuation on an annual basis as of June 30 of each year, which is the end of the Association’s fiscal year. The valuation must be completed by an Enrolled Actuary, covering the mortality, service, and compensation experience of the members and beneficiaries, and must evaluate the valuation assets and actuarially determined liabilities of the Association. The Retirement Law requires the Retirement Board of the Association (the “Retirement Board”) to recommend to the Board of Supervisors and the other Employers such changes in the rate of contribution by the Employers and members, and in the County’s and the other Employers’ appropriations as necessary. Once the Retirement Board recommends any such changes, the Retirement Law requires the Employers (including the County) to implement such changes. The most recent actuarial valuation is as of June 30, 2010, prepared by The Segal Company, the Association’s actuary (the “Actuary”).

Normal Cost and UAAL and its Calculation. Currently, the Association uses the “entry age normal actuarial cost method” to calculate the Employers’ annual rates of contribution. The actuarially required contribution has two components, the “normal cost” and the amortized amount of the unfunded actuarial accrued liability (“UAAL”). Normal cost represents the portion of the actuarial present value of the benefits that the Employers and their respective employees will be expected to fund that are attributable to a current year’s employment. The normal cost contribution amount is calculated based on a set of actuarial assumptions about future events pertaining to the amount and timing of benefits to be paid and the accumulation of assets to pay the benefits. The UAAL may increase or decrease as a result of changes in actuarial assumptions or methods, statutory provisions, benefit improvements and other experience which differs from that anticipated by the actuarial assumptions. There is a lag between the point in time at which the actuary completes the actuarial valuation and the date that the contribution rates calculated in the valuation go into effect. This lag is typically 12 months. For example, the recommended contributions contained in the actuarial report as of June 30, 2010 apply to contributions to be made by the County and the other Employers for the Fiscal Year beginning July 1, 2011.

The UAAL calculation is necessary to determine how sufficient the assets in the Association are to fund, as of the date of calculation, the accrued costs attributable to currently active, deferred vested members and retired members. The funding sufficiency is typically expressed as the ratio of the valuation assets to the actuarial accrued liabilities. If the actuarially calculated funding level of a plan is less than 100%, the plan has a UAAL. The UAAL is determined by comparing the actuarial assumptions made to actual experience. Examples of the data that are used in this process are the assumed (versus actual) rates of earnings on the assets of the plan, pay increases for current employees, disability retirements, retirement ages of active employees, and post-employment life expectancies of retirees and beneficiaries.

When measuring assets for determining the UAAL, many pension plans, including the Association, “smooth” gains and losses to reduce volatility. For example, if in any year the actual

investment return on the Association's assets is lower or higher than the actuarial assumed rate of return (which is 8.00%, net of expenses), then the shortfall or excess, together with other experience gains or losses, is smoothed or spread over a five-year period. The impact of this will result in an actuarial value of assets which is lower or higher than the market value of assets depending upon whether the remaining amount to be smoothed is either a net gain or a net loss.

Further, various plans use different amortization periods for paying off (or "amortizing") a UAAL. The amortization of the UAAL represents the current year's portion of the unfunded accrued costs (*i.e.*, the UAAL) attributable to past years' employment. Some plans use rolling periods and others use "fixed" periods, such as a 30-year fixed period, meaning that the actuarially required contribution in a particular year would be the unfunded actuarial accrued liability amortized over the remaining years in the fixed period. On June 17, 2004, the Retirement Board changed the Association's amortization period from a 15-year rolling amortization period to a 20-year fixed layered amortization period.

The 20-year fixed layered method of amortizing the UAAL amortizes each year's change in UAAL over a new 20-year period. Accordingly, the increase or decrease in UAAL from the current year's actuarial valuation began a new 20-year amortization schedule and the prior year increase or decrease in UAAL has 19 years remaining on its 20-year amortization schedule. As with other assumptions, the Retirement Board may change the amortization period from time to time, which would result in the Employer's contributions to the Association in a particular year being higher or lower.

Investors are cautioned that, in considering the amount of the UAAL as reported by the Association and the resulting amounts of required contributions by the County and the other Employers, this is "forward looking" information in that it reflects the judgment of the Retirement Board and the Association's actuary as to the amount of assets which the Association will be required to accumulate to fund future benefits over the lives of the currently active employees, vested terminated members and existing retired members. These judgments are based upon a variety of assumptions, one or more which may prove to be inaccurate or be changed in the future, and will change with the future experience of the Association.

Demographic Assumptions. The Retirement Board and the Association's actuary review the various demographic assumptions that are employed in calculating the normal cost rates against actual experience at least every three years. The Association's actuary last presented an experience study to the Association on April 1, 2010 with respect to results as of June 30, 2006 through June 30, 2009. The Association's actuary recommended changes to certain assumptions, including the assumed future merit and longevity pay increases for current employees, the assumed rates of disability, the assumed retirement ages of active employees, the assumed ordinary withdrawal and vested termination rates, and the post-employment life expectancies of retirees and beneficiaries. The Association's actuary reported that the proposed set of assumptions would result in an increase in the aggregate contribution rate of less than 1%. At its June 3, 2010 meeting, the Retirement Board adopted the recommendations presented by the Association's actuary. The set of assumptions approved by the Retirement Board were used to prepare the actuarial valuation report as of the year ended June 30, 2010. The next experience study is expected to be conducted in 2013 with respect to results as of June 30, 2009 through June 30, 2012.

Economic Assumptions. The Association's actuary prepares a review of economic actuarial assumptions every three years in conjunction with the demographic study. At the May 6, 2010 Retirement Board meeting, the Association's actuary presented proposed new economic assumptions. The Association's actuary recommended a reduction of the current annual investment return assumption of 8.25% to 8.00%, a reduction in the assumed inflationary salary rate from 3.75% to 3.50%, an increase in the assumed "across the board" salary assumption from 0.50% to 0.75% and no overall change to the combined inflationary and real "across the board" salary increase assumption of 4.25%. These

assumptions were included in the June 30, 2010 actuarial valuation report. The actuary stated at the June 3, 2010 meeting that had the 8.00% rate of return assumption been in place for the June 30, 2009 actuarial valuation, the aggregate employer contribution rate for Fiscal Year 2010-11 would have been approximately 3 percentage points higher. The next economic assumptions review is expected to be conducted in conjunction with the next demographic experience study, which, as noted above, is expected to occur in 2013. The County cannot predict at this time the further recommendations to be made by the Association's actuary, the Retirement Board's determinations with respect thereto and their potential effects on the Association's assets and liabilities or the contributions to be made by the County, other employers and their respective employees.

Funding Status of the Association

Current Status. As of June 30, 2010, the date of the most recent actuarial valuation report, the valuation value of assets of the Association was approximately \$8.433 billion and the actuarial accrued liability was approximately \$9.999 billion, resulting in a funded ratio of approximately 84.3% and an UAAL of approximately \$1.566 billion. By comparison, the funded ratio as of June 30, 2009 was 91.5% and the UAAL was \$785.6 million. See Table 9 – Historical Funding Status. The decline in the funded ratio reflects, among other things, the recognition of a portion of prior years' investment losses. The total unrecognized investment loss as of June 30, 2010 was \$1,690.0 million, which amount will be recognized in the determination of the actuarial value of assets for funding purposes over the next five years, to the extent it is not offset by recognition of investment gains derived from future experience. The actuarial value of assets and the UAAL may increase or decrease based on investment results of the Association being above or below the actuarially assumed rate of return of 8.00% per annum as a consequence of increases or decreases in the securities market. Based on the foregoing, earning the assumed rate of investment return of 8.00% per annum on a market value basis will result in investment losses on the actuarial value of assets and an increase in the County's contribution requirements in each of the next five years as the investment losses are recognized. No assurance can be given that the actuarial value of assets of the Association will not materially decrease. The Association reported a total portfolio market value of net pension assets of \$6.878 billion as of June 30, 2010, compared to \$6.192 billion as of June 30, 2009, a \$0.686 billion increase in net assets or a 13.39% return on the market value of pension assets. Table 10 – Prospective Funding Status of the Association below reflects the projected funding status through Fiscal Year 2016-17. These projections are based on certain assumptions, including achieving an 8.00% return on investments described herein. As of March 31, 2011, the Association reported a total portfolio market value of net pension assets of \$8.072 billion, an increase of approximately 17.4% since June 30, 2010. Investment results may help mitigate the material adverse effect of the losses experienced in Fiscal Year 2008-09 on the actuarial value of the assets, the funded ratio and the employer contributions beginning in Fiscal Year 2011-12. The impact of the Fiscal Year 2008-09 losses and the most recently adopted demographic and economic assumptions is illustrated in Table 10 – Prospective Funding Status of the Association below. See "County Financial Information – San Diego County Employees Retirement Association – General Funding Practices of the Association – Normal Cost and UAAL and its Calculation" herein.

Historical Funding Status. Table 9 below sets forth for each of the ten years ended June 30, 2010 the amount of the total Employer Contributions and Employer Offsets made by the County and the other Employers, and the market value of the pension assets, the valuation value of the pension assets, the actuarial accrued liability of the pension system, the UAAL and the funded ratio of the Association as of the end of each such fiscal year.

TABLE 9
HISTORICAL FUNDING STATUS
Fiscal Years Ended June 30, 2001 through 2010
(\$ In Millions)

Fiscal Year	Employer Contribution⁽¹⁾	Employer Offsets⁽¹⁾	Net Market Value of Assets	Valuation Value of Assets	Actuarial Accrued Liability	UAAL⁽²⁾	Funded Ratio
2001	\$ 2.0	\$ 39.1	\$3,816.9	\$3,745.6	\$3,506.8	\$ (238.8) ⁽³⁾	106.8%
2002	5.3	45.2	3,533.6	3,831.3	5,078.1	905.1 ⁽³⁾⁽⁴⁾	82.5 ⁽³⁾⁽⁴⁾
2003	12.2 ⁽⁵⁾	53.9	4,103.3	4,417.8	5,853.1	1,435.4 ⁽³⁾⁽⁵⁾	75.5 ⁽³⁾⁽⁵⁾
2004	195.0 ⁽⁵⁾	55.2	5,508.6	5,166.8	6,369.5	1,202.7 ⁽⁵⁾	81.1 ⁽⁵⁾
2005	260.0 ⁽⁶⁾	56.1	6,358.5	5,612.3	6,990.7	1,378.4	80.3
2006	243.7 ⁽⁷⁾	58.8	7,330.9	6,263.0	7,495.3	1,232.3	83.6
2007	258.2 ⁽⁸⁾	62.3	8,444.5	7,250.4	8,082.5	832.1	89.7
2008	236.8	68.7	8,408.0	8,236.9	8,722.3	485.4	94.4
2009	219.6	71.6	6,192.0	8,413.1	9,198.6	785.6	91.5
2010	189.5	68.4	6,878.2	8,433.3	9,999.2	1,565.9 ⁽⁹⁾	84.3

Source: The County.

(1) These contribution amounts reflect the aggregate contribution amount of all Employers and not only that of the County. In each year the amounts indicated under the columns Employer Contribution and the Employer Offsets were based on the valuations as reported in the actuarial valuation dated as of the end of the second preceding year ended June 30. The County share of Employer Contributions and Employer Offsets are estimated to be approximately 91.0% based on the estimated relative percentage of payroll of the County for Fiscal Year 2009-10. See "County Financial Information – San Diego County Employees' Retirement Association – General" herein.

(2) Negative numbers represent an actuarially accrued surplus.

(3) From June 30, 2001 to June 30, 2003, a number of events adversely affected the UAAL and the funded ratio, including, but not limited to, (1) effective March 8, 2002, the Board of Supervisors increased retirement benefits for active employees which in turn increased actuarially determined liabilities, (2) investment results of the Association were below the actuarially assumed rate of 8.25% per annum as a consequence of declines in the securities market; (3) the Association adjusted several demographic assumptions based on a regular experience study conducted by its actuary that evaluates the reasonableness of the Association's assumptions and implemented those in the actuarial valuation report as of June 30, 2003; (4) the Association ceased including amounts in the Undistributed Reserve (as defined herein) as valuation assets when calculating the Association's UAAL; and (5) deviations occurred between actual experience and those assumptions used in calculating the UAAL.

(4) The UAAL and Funded Ratio indicated for the Fiscal Year ended June 30, 2002 are those calculated in an October 2002 actuarial valuation. The October 2002 actuarial valuation report reflected the contribution by the County of \$550 million of proceeds of the 2002 POBs to the Association on October 3, 2002.

(5) Employer Contributions do not include any of the amounts contributed by the County from the proceeds of the issuance of the POBs in the indicated Fiscal Years. However, such amounts are reflected in the UAAL and Funded Ratios of the Association as of the end of such Fiscal Years.

(6) Includes \$235.1 million of required contributions plus an additional discretionary contribution of \$24.9 million.

(7) Includes \$203.7 million of required contributions plus an additional discretionary contribution of \$40.0 million.

(8) Includes \$231.3 million of required contributions plus an additional discretionary contribution of \$26.9 million.

(9) Excludes a total unsmoothed loss of \$1,690.0 million in unrecognized investment loss as of June 30, 2010, which amount will be spread over the five years ending June 30, 2015. See Table 10 and "County Financial Information – San Diego County Employees Retirement Association – General Funding Practices" and "– Funding Status of the Association" herein.

Employee Contributions Paid by the Employers. In addition to making annual contributions to the Association in accordance with the applicable actuarial valuation, the Employers also have agreed pursuant to the collective bargaining arrangements with their employee unions dating back to 1982 to pay a portion of the employees' required contribution to the Association (these payments by the Employers are referred to herein as the "Employer Offsets"). For non-safety employees, the Employer Offsets range from 3% to 9.5% of their salary, and for safety employees the Employer Offsets range from 2.75% to 16.73% of their salary. In most instances, the amount of Employer Offsets will be less than the total required employee annual contribution. See "County Financial Information – San Diego County Employees Retirement Association – Historical Funding Status" herein for information regarding payments by the Employer of Employer Offsets for each of the ten years ending June 30, 2010. See "The County – County of San Diego Employees – Negotiated Retirement Amendments" herein for a description of negotiated changes to the Employer Offsets effective July 1, 2011.

Prospective Funding Status of the Association

Table 10 below sets forth projections by the Association's actuary relating to future Employer Contribution amounts, Employer Offsets, UAAL, and funded ratio. The information contained in this table, and the related assumptions, are "forward-looking" in nature and are not to be construed as representations of fact or representations that in fact the various tabular information shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the Association's actuary and the Association, taking into account a variety of assumptions, a number of which are discussed herein. The County cannot predict whether the Association will achieve its assumed rate of return in the current or future years. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts.

TABLE 10
PROSPECTIVE FUNDING STATUS OF THE ASSOCIATION
Fiscal Years Ended June 30, 2011 through 2017
(\$ In Millions)

Fiscal Year	Employer Contributions⁽¹⁾⁽²⁾⁽³⁾	Employer Offsets⁽¹⁾⁽²⁾⁽³⁾	UAAL⁽¹⁾⁽²⁾⁽³⁾	Funded Ratio⁽¹⁾⁽³⁾
2011	\$224	\$77	\$2,292	78.5%
2012	296	74	3,028	73.2
2013	372	77	3,661	69.5
2014	441	80	3,606	71.7
2015	504	83	3,599	73.4
2016	519	87	3,531	75.3
2017	541	91	3,440	77.3

Source: The Segal Company.

(1) The following assumptions have been applied in preparing the foregoing estimates:

- (a) It has been assumed that the annual investment return on the market value of assets will be 8.00% effective July 1, 2010, based on the 8.00% assumption adopted by the Retirement Board for the June 30, 2010 valuation. Under the Retirement Board's asset smoothing method, if actual return on market value of assets is above/below the expected return on market value of assets, the difference between the actual and the expected return will be recognized over a five-year period. There was a total of \$1,690.0 million in unrecognized investment loss as of June 30, 2010.
- (b) With the exception of the recognition of the above investment loss, it has been assumed that all of the other actuarial assumptions that were approved for use with the June 30, 2010 valuation will be met in the future.
- (c) In projecting the payroll, the Actuary assumed that the estimated Fiscal Year 2010-11 payroll of \$1,095.6 million used in the June 30, 2010 actuarial valuation will increase by 4.25% per annum.
- (d) The Employer Offsets (the County's pickup of member contributions) of approximately \$68 million (reported by the Association for the 2009-10 Fiscal Year) will increase by 4.25% per year (3.50% inflation plus 0.75% across-the-board salary increase) as assumed in the June 30, 2010 valuation. This is a simplifying assumption as the actual Employer Offsets amount is governed by bargaining agreements with employee groups and actual membership demographics.
- (e) The County adopted a new General Tier B and a new Safety Tier B plan for members hired on or after August 28, 2009. There will be a gradual reduction in the employer's aggregate normal cost as a bigger portion of the Association's active workforce is covered by the less expensive Tier B plans. The cost reductions are reflected in the projections.
- (f) Assumes the Retirement Board will not restore the 1% Contingency Reserve until after the Association has Available Earnings remaining after crediting interest to all valuation reserves.
- (g) The Retirement Board's current valuation methodologies, such as the 20-year fixed layered amortization period for the UAAL and the five-year smoothing asset valuation method, will remain unchanged. The above projections do not reflect the impact of any assumption changes that may be adopted by the Board after the June 30, 2010 valuation.
- (2) The County is obligated to make approximately 91.0% of the annual Employer Contributions to the Association and the other participating employers are obligated to make approximately 9.0% of the annual Employer Contributions to the Association, based on the estimated relative percentage of payroll of the County and the other participating employers for Fiscal Year 2009-10.
- (3) In each year the Employer-Required Contribution and the Employer Offsets will be based on the UAAL as reported in the actuarial valuation dated as of the end of the second preceding year ended June 30. Indicated projected amounts under the columns entitled "UAAL" and "Funded Ratio" are as of June 30 of the years indicated and do not reflect the impact of the negotiated amendments to the Employer Offsets effective July 1, 2011.

Investment

General. The Retirement Law and the California Constitution grant the Retirement Board exclusive control over the investment of the Association's assets. The Retirement Law and the Constitution provide general guidelines which generally require the Retirement Board to manage the investments for the purpose of providing benefits to members, minimizing Employer Contributions, and defraying the reasonable expenses of administering the Association. The Retirement Law and the Constitution further require the Retirement Board to manage the Association's investments prudently and

to diversify investments in the manner and to the extent it deems appropriate. See “County Financial Information – San Diego County Employees Retirement Association – Investment – Investment Policy” below.

In 2009, the Retirement Board retained as its portfolio strategist Integrity Capital LLC (“Integrity Capital”), a consulting firm led by Lee Partridge, pursuant to a 39-month contract with two two-year extensions. The portfolio strategist serves as the Association’s outsourced chief investment officer. Effective November 17, 2010, the ownership of Integrity Capital was acquired by Salient Partners, L.P. (“Salient”), an investment management firm based in Houston, Texas. Under this new ownership, and with the additional resources Salient provides, Integrity Capital has continued to perform under its existing contract with the Association according to its original terms. In addition, Lee Partridge continues to serve as the Association’s portfolio strategist.

In March 2010, the Retirement Board adopted a “Dedicated Advisor” model for investment management services, pursuant to which an outside firm is engaged to focus on providing customized, top-tier investment management services to the Association. The Board subsequently determined not to pursue the “Dedicated Advisor” model. However, the Board has continued to consider other alternatives to support the Association’s investment function, including options that call for a division of responsibility as to various asset classes between internal and outside resources. A final decision has not yet been reached on whether, and if so how, the Association’s current investment staffing model will change.

Investment Policy. The Retirement Board has adopted an investment policy statement, last revised on March 18, 2010, and related policies that set investment return and risk objectives and provide for extensive guidelines with respect to the diversification of assets, the appropriate securities, lending of securities, commission recapture, value-added strategies, proxy voting, and corporate governance issues. The Association’s assets are diversified across asset classes, including equity, fixed income and real estate assets, and within asset classes. Table 11 below sets forth the Association’s current asset allocation policy (the “Asset Allocation Policy”), effective as of July 1, 2010. The asset allocation policy is managed and monitored by the Association’s staff with the assistance of external investment consultants. That total investment portfolio was \$8.408 billion as of June 30, 2008, \$6.192 billion as of June 30, 2009, \$6.878 billion as of June 30, 2010 and \$8.135 billion as of March 31, 2011.

TABLE 11
SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION
ASSET ALLOCATION POLICY⁽¹⁾

<u>Asset Class</u>	<u>Benchmark</u>	<u>Percentage Limits</u>		
		<u>Target</u>	<u>Min.</u>	<u>Max.</u>
Global Developed Equities	MSCI World Net Index	20	15	25
Emerging Market Equities	MSCI Emerging Markets Index	5	2	10
High Yield	ML High Yield Master II	5	2	10
Private Equity ⁽²⁾	Uninvested Portion: Russell 3000	10	5	15
	Invested Portion: Russell 3000 + 3%			
<i>Total Growth Oriented Assets</i>	<i>Target Weighted Average</i>	40	24	60
Emerging Market Debt (Local)	JP Morgan GBI – EM Global Diversified (Unhedged)	10	5	15
Asset Allocation Strategies	2/3 HFRI Macro + 1/3 Barclays CTA Indices	10	5	15
Relative Value Strategies	Three-Month Treasury Bills + 2%	10	5	15
US Treasuries	Barclay's 10-year UST Futures Index ⁽¹⁾	40	20	60
<i>Total Stable Value Assets</i>	<i>Target Weighted Average</i>	70	35	105
Real Estate ⁽²⁾	Uninvested Portion: DJ US Real Estate	10	5	15
	Invested Portion: NCREIF NPI			
Natural Resources and Other Real Assets	1/3 GSCI + 1/3 S&P MLP + 1/6 S&P Materials Index + 1/6 S&P/TSX Materials Composite Index	10	5	15
Treasury Inflation Protected Securities	Barclay's Capital US TIPS	5	2	15
<i>Total Inflation-Sensitive Assets</i>	<i>Target Weighted Average</i>	25	12	45
Total Fund	Target Weighted Average	135		

Source: San Diego County Employees Retirement Association.

⁽¹⁾ The benchmark for the cash backed portion of the 10-year Treasury futures allocation will include the return on three-month Treasury bills in addition to the Barclay's 10-year Futures Index.

⁽²⁾ Returns for the privately invested portions of the real estate, private equity and real asset portfolios will be lagged by one quarter and compared to their respective benchmark returns for the same period.

The assumed rate of return adopted by the Retirement Board and applicable to the projection of the Association's assets and liabilities is lower than the expected compound annual passive return of the Association's Asset Allocation Policy, which is 8.2%, as calculated by the Association's Investment Consultant. The Investment return assumption of 8.0% recommended by the Actuary is based on a number of assumptions, including the average assumed passive rate of earnings by asset class from a sample of investment consultants to several public pension funds including the Association's investment consultant and then applied to the Association's asset allocation policy portfolio. From 2006 through 2009, the Retirement Board elected to maintain the assumed rate of earnings at 8.25% for the applicable fiscal year, a rate acceptable to the actuary, in part because the active management portfolio strategy of the Association, including the application of the Alpha Engine strategy, which the Association no longer uses, historically yielded rates of earnings substantially higher than the rates recommended by the Actuary. See "County Financial Information – San Diego County Employees Retirement Association – Historical Investment Return".

Historical Investment Return. The historical annual net investment return on the market value of the Association's entire investment portfolio, after management fees, was 13% for the year ended June 30, 2010, negative 4.9% for the three years then ended, 2.6% for the five years then ended and 3.7% for the ten years then ended. This compares to the 8.00% actuarial assumed rate of return that the

Association's actuary uses to calculate the normal Employer and employee contribution rates and the UAAL on a year-to-year basis (which is done by projecting into the future a variety of estimates, including how much will be earned on the assets of the Association in future years). For the period July 1, 2010 through March 31, 2011, the investment return was approximately 18.23%.

Hedge Funds. As of June 30, 2010, the fund was invested in 11 hedge funds with an approximate market value of \$908.0 million or 13.2% of the total market value of the portfolio. As of March 31, 2011, the fund was invested in 15 hedge funds with an approximate market value of \$1.3 billion or 15.7% of the total market value of the portfolio.

Litigation Involving Prior Investment

On February 25, 2009, the United States Attorney's Office and the Federal Bureau of Investigation arrested the two principals of WG Trading Company ("WG TC"), a limited partnership fund in which the Association invested, on charges of securities fraud, wire fraud, and conspiracy to commit securities fraud and wire fraud. On the same day, all entities connected with the principals of WG TC were placed in receivership at the request of the U.S. Securities and Exchange Commission (the "SEC") and Commodity Futures Trading Commission ("CFTC"). As of December 31, 2008, the Association had \$78 million (including retained earnings) invested with WG TC as reported by WG TC. On December 31, 2008, based on WG TC's refusal to promptly and completely answer all questions presented during a due diligence investigation, the Association terminated the WG TC relationship and requested a full redemption of its investment. The decision to terminate the WG TC relationship was a result of issues and concerns that arose during the due diligence review. Fraud was not suspected at the time. The Association's agreement with WG TC allows for a six-month redemption window. The assets were not returned to the Association prior to WG TC being placed in receivership. To preserve its interests in the holdings of WG TC, on March 25, 2009 the Association filed a motion to intervene in the two lawsuits brought by the CFTC and the SEC against WG TC, its principals and certain related entities. The motion to intervene was summarily denied, from which denial the Association has appealed; however that appeal is unlikely to be pursued, given the Association's subsequent appeal discussed below. In July 2009, the Chief Compliance Officer of WG TC pleaded guilty to certain charges. On July 28, 2010, Paul Greenwood, one of the two principals of WG TC, pleaded guilty to seven counts alleging violations of federal law, including securities fraud, wire fraud, commodities fraud, conspiracy, and money laundering. The receiver appointed by the United States District Court for the Southern District of New York (the "Receiver") has filed reports asserting that WG TC was operated as part of a Ponzi scheme because funds of WG TC were intermingled with those of a sister entity which was found by the court to have been operated as a Ponzi scheme. The Receiver proposed that WG TC's assets be distributed pro rata to investors in both WG TC and its insolvent sister entity, not just to investors in WG TC. The Association and six other WG TC limited partners filed joint objections to the Receiver's proposal. However, at a hearing on the proposal held March 16, 2011 in the receivership proceedings, the United States District Court for the Southern District of New York approved the Receiver's plan of distribution, and on March 21, 2011, entered an order directing the Receiver to make a distribution in accordance with the plan. Although the Association and six other WG TC limited partners have appealed the District Court's ruling to the United States Court of Appeals for the Second Circuit seeking a greater share of distributions on equitable grounds, the interim distribution pursuant to that ruling has been made, including a distribution of approximately \$35 million to the Association, leaving approximately \$50 million of receivership assets for future distribution to investors. The likelihood of success of the Association's appeal, and the amount of additional future distributions the Association may receive, cannot be assessed at this time.

Transfers of Investment Earnings by the Association

Introduction. Pursuant to statutory authority under the Retirement Law, the Retirement Board annually directs the crediting of the Association's investment earnings to reserves, some of which are part of valuation assets and some of which are not. Valuation assets are those assets used in calculating the UAAL and the funded ratio. For the purpose of such crediting, the Retirement Board has defined investment earnings as current income (i.e., the interest, dividends, and rents) plus net realized capital gains on the book value of the Association's valuation and non-valuation assets. All of the Association's investment earnings are transferred to and kept in a reserve entitled the "Undistributed Reserve," and from there such earnings are transferred in accordance with Retirement Board policy. The Undistributed Reserve is currently not part of valuation assets and, except in certain limited circumstances described herein, amounts in the Undistributed Reserve are not included as assets for purposes of calculating the Association's UAAL.

Pursuant to the statutory authority of the Retirement Law, the Retirement Board has adopted an "Interest Crediting and Excess Earnings Policy", most recently amended in August 2007, which directs that investments earnings be transferred from the Undistributed Reserve to the following Association reserves, effectively, in the following order. First, such earnings are credited to the Association's valuation assets up to an amount determined by the Retirement Board's policies, currently in an amount equal to 8.00% of the value of the Association's valuation assets as of the end of the prior fiscal year. Second, a portion of such earnings is transferred to an Association Contingency Reserve (the "Association Contingency Reserve") to maintain the amount on deposit in the Association Contingency Reserve, which is not part of valuation assets, equal to one percent of the total market value of assets of the Association. The Association may transfer amounts from the Association Contingency Reserve to valuation assets when current investment earnings are insufficient to credit the valuation asset reserves with the 8.00% interest target. Earnings in excess of the amounts transferred to the Association Contingency Reserve are referred to herein as "Excess Earnings." The Association currently uses the change in actuarial value methodology to calculate Excess Earnings.

The Retirement Law permits the Association to use any Excess Earnings to fund the County Contribution Reserve to reduce any UAAL, to fund existing supplemental benefit reserves, and to fund new supplemental benefits, as may be adopted by the Retirement Board.

Excess Earnings Policy. The Retirement Board adopted an Excess Earnings Policy effective July 1, 2007 (the "Excess Earnings Policy") pursuant to which, after crediting the mandatory reserves with the assumed rate of interest, Excess Earnings would be available as follows:

- If the funded ratio of the Association as of any Fiscal Year end is below 90%, all Excess Earnings will be used to fund the pension liability.
- If the funded ratio of the Association as of any Fiscal Year end is between 90% and under 100%, 75% of Excess Earnings will be used to fund the pension liability and the remaining 25% will be available to the Retirement Board for use at its discretion.
- If the funded ratio of the Association as of any Fiscal Year end is between 100% and under 115%, 50% of Excess Earnings will be placed in the Association Contingency Reserve and 50% will be available to the Retirement Board for use at its discretion.
- If the funded ratio of the Association as of any Fiscal Year end is 115% or greater, the Retirement Board has total discretion as to the use of Excess Earnings.

Allocation of Excess Earnings to reserves that are not part of valuation assets may impact the UAAL and thus the amount of Employer Contributions required to fund pension benefits in the future. When earnings are held outside of valuation assets, those amounts are not available to decrease the UAAL because they are not available to pay benefits under the County's pension plan.

Historical Transfers of Investment Earnings. Table 12 below sets forth the amount of the Association's investment earnings that the Retirement Board has transferred from the Undistributed Reserve into reserves that are separate from valuation assets during the ten fiscal years ending June 30, 2010.

TABLE 12
TRANSFERS OF INVESTMENT EARNINGS
TO NON-VALUATION RESERVES
Fiscal Years Ended June 30, 2001 through 2010
(In Millions)

<u>Fiscal Year</u>	<u>Post-Retirement Healthcare⁽¹⁾</u>	<u>STAR COLA⁽²⁾</u>	<u>Contingency Reserve⁽³⁾</u>	<u>Total</u>
2001	\$ 45.5	\$ 8.2	--	\$ 53.7
2002	117.0	24.2	\$35.3	176.5
2003	0.0	0.0	0.0	0.0
2004	0.0	19.6	19.8	39.4
2005 ⁽⁴⁾	0.0	9.3	8.5	17.8
2006	31.4	10.0	9.7	51.1
2007 ⁽⁵⁾	0.0	26.4	11.1	37.5
2008	0.0	0.0	(0.4)	(0.4)
2009	0.0	0.0	(2.2)	(2.2)
2010	0.0	0.0	0.0	0.0
Total ⁽⁶⁾	<u>\$193.9</u>	<u>\$97.7</u>	<u>\$81.8</u>	<u>\$373.4</u>

Source: The Association.

(1) Reflects amounts that the Association transferred to the Health Reserve from Excess Earnings for Fiscal Years 2000-01 through 2009-10. The Health Reserve was originally established to hold amounts with which the Association reimbursed the County for amounts that the County contributed for the payment of post-retirement healthcare benefits. See footnote ⁽⁵⁾ below regarding the restructuring of the Health Reserve in Fiscal Year 2007-08.

(2) Reflects amounts that the Association has transferred from Excess Earnings to a reserve established for the payment of STAR COLA. The Association began providing STAR COLA benefits in the year ended June 30, 1999, and transfers to the STAR COLA reserve began in the year ended June 30, 1998. The STAR COLA reserve was originally established to hold amounts to fund a supplemental targeted cost of living adjustment. See footnote ⁽⁵⁾ below regarding the restructuring of the STAR COLA reserve effective with the June 30, 2007 Valuation Report.

(3) Reflects amounts that the Association has transferred from the Association's investment earnings to the Association Contingency Reserve. The Association Contingency Reserve was created in the Fiscal Year ended June 30, 2002. Before the creation of the Association Contingency Reserve, the 1% contingency amounts required by the Retirement Law were maintained in the Undistributed Reserve and were not separated from valuation assets.

(4) The Retirement Board determined that no amounts would be transferred from Excess Earnings to the Health Reserve for the year ended June 30, 2005 based on a determination that the amounts on deposit in the Health Reserve at the time was sufficient to pay post-retirement healthcare benefits for at least 5 years from the date of determination.

(5) In Fiscal Year 2007-08, the Health Reserve was restructured as a "Supplemental Benefits Reserve". See "County Financial Information – Supplemental Pension Benefits" herein. Effective for the June 30, 2007 Valuation Report, the STAR COLA became a prefunded supplemental benefit for certain retirees. The \$26.4 million shown in this table was the amount that, in addition to the balance in the STAR COLA Reserve, was needed to accomplish the prefunding. See "County Financial Information – STAR COLA Benefits" herein.

(6) Reflects the sum of the deposits for the years shown, not the current balance in the reserves.

In certain of the years indicated in the foregoing table, the amounts credited to the STAR COLA reserve and the Health Reserve were actually transferred after the end of the fiscal year with retroactive effect. The Association does not track either the Employer or the departments or funds of any Employer from which retired personnel receiving STAR COLA or health benefits, when in active service, were paid.

Reserve Levels. As of June 30, 2010, no funds were on deposit in the Association Contingency Reserve, \$111.2 million was on deposit in the Supplemental Benefits Allowance Reserve (restructured from the Health Reserve during Fiscal Year 2007-08), \$14.4 million was on deposit in the Disability Supplemental Benefits Allowance Reserve, and no funds were on deposit in the STAR COLA or Undistributed Earnings Reserve. For a discussion on actions of the Retirement Board with respect to the transfer of certain Excess Earnings to the Health Reserve and the STAR COLA reserve. See “County Financial Information – San Diego County Employees Retirement Association – Transfers of Investment Earnings by the Association” and “County Financial Information – STAR COLA Benefits” and “County Financial Information – Supplemental Pension Benefits” herein.

Post-Retirement Healthcare Benefits

General. The Association offers to eligible retirees a health insurance allowance to offset or reimburse the cost of medical insurance premiums. A variety of healthcare and dental plans with varying providers and levels of premiums are sponsored by the Association. Once a retiree elects a particular healthcare or dental plan, the amount of the premium is deducted from the retiree’s monthly retirement check. Alternatively, retirees may be reimbursed for health insurance premiums of non-Association sponsored plans. Effective July 1, 2007, the Association limited the health insurance allowance to retirees who retired under the Tier I or Tier II plan.

Nature of the Post-Retirement Healthcare Payments. The Retirement Law does not require the Association to provide any post-retirement healthcare payments. In addition, in the opinion of County Counsel, the County has not entered into any collective bargaining agreements or other arrangements that require the County or the Association to maintain post-retirement healthcare benefits (although some members of the Association have stated that the County did promise retirees such benefits, which the County disputes). Therefore, in the view of County Counsel, the Association’s payment of post-retirement healthcare benefits is an unvested benefit which can be cancelled at any time and for any reason by the Association. Nonetheless, the Association has continuously provided post-retirement healthcare benefits for many years.

Funding Source for Post-Retirement Healthcare Benefits. The Retirement Law authorizes a mechanism for the payment of post-retirement healthcare benefit costs pursuant to which a portion of the Employers’ pension contributions are applied to the payment of these post-retirement healthcare benefits and the amounts of those contributions are credited to the Employers’ valuation assets. In years past, the County designated up to 25% of its respective normal cost and employer offset annual contributions to the payment of the monthly medical allowance and Medicare Part B premium reimbursement to be recorded in a separate account (the 401(h) account) under the provisions of section 401(h) of the Internal Revenue Code. The designated amounts were determined by funding the post-retirement healthcare benefits on a pay-as-you-go basis. Upon receiving the County’s 401(h) contribution, the Association would transfer an equal amount from the Health Reserve to the County Contribution Reserve (part of the Association’s valuation assets) as a credit for the County’s current-year contribution. Beginning on July 1 of Fiscal Year 2007-08, the funding mechanism changed. See “*Payment of the Annual Required Contribution for Post-Retirement Healthcare Benefits*” herein. Benefits paid to retirees from the 401(h) account are non-taxable.

Reporting Requirements Regarding Post-Retirement Benefits. In 2004, the Governmental Accounting Standards Board (“GASB”) issued two statements that address other post-employment benefits (“OPEB”), which are defined to include post-retirement healthcare benefits. GASB Statement No. 43, Financial Reporting for Post-employment Benefits Plans Other Than Pension Plans (“GASB 43”) and GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions (“GASB 45”), establish accounting and financial reporting standards for OPEB in a manner similar to those currently in effect for pension benefits. The provisions of GASB 43 focus on the entity that administers such benefits (the Association) while GASB 45 focuses on the employer’s reporting requirements (the County). The Statements require an actuarial valuation to determine the funded status of benefits accrued, along with other required information to be disclosed by the Association and the County. The Retirement Board adopted and implemented the provisions of GASB 43 as part of the Association’s comprehensive annual financial report for the Fiscal Year ended June 30, 2007. The County has included the required disclosures beginning with the County’s comprehensive annual financial report for the Fiscal Year ended June 30, 2008. The requirements that GASB 45 imposes on the County only affect the County’s financial statements and would not impose any requirements regarding the funding of any OPEB plans.

Valuation of the Association’s Post-Retirement Healthcare Benefits. The Association’s actuary conducted an OPEB valuation as of June 30, 2010 (the “2010 OPEB Valuation”) with respect to the eligible retirees and the benefit levels set by the Association. The 2010 OPEB Valuation reflected an increase in the actuarial accrued liability of \$6.4 million from June 30, 2008. The 2010 OPEB Valuation also reflected an annual required contribution of 1.91% of payroll, which is an increase from the annual required contribution of 1.80% of payroll as of June 30, 2008, the date of the prior OPEB valuation. The change in the actuarial accrued liability and the annual required contribution are attributable to an increase in liabilities due to updated discount and mortality rate assumptions. The annual required contribution in the 2010 OPEB valuation will be used to determine the contribution requirement for Fiscal Years 2011-12 and 2012-13. The assumptions used in the 2010 OPEB Valuation included an individual entry-age normal cost method, 8.00% investment rate of return and a separate declining 20-year basis starting June 30, 2007, amortized as a level dollar amount. The next OPEB valuation will be as of June 30, 2012 and then every two years thereafter. Any changes made by the Retirement Board to the assumed investment rate of return will apply to future OPEB valuations.

Table 13 below sets forth the historical funding status of the Association's OPEB and the historical employer contribution amounts:

TABLE 13
HISTORICAL FUNDING STATUS
FOR POST-RETIREMENT HEALTHCARE BENEFITS
Years Ended June 30, 2007 through 2010
(\$ in thousands)

Funding Progress

Valuation Date	Valuation Assets	AAL	UAAL	Funded Ratio
June 30, 2007	\$ -- ⁽¹⁾	\$ 235,755	\$ 235,755	0.0%
June 30, 2008	18,206	217,559	199,353	8.4
June 30, 2010	9,221	206,447	197,226	4.5

Employer Contributions

Year Ended	Annual Required Contribution	Contributions Made	Percentage of Required Contribution Made
June 30, 2008	\$ 23,616	\$ 23,616	100.0%
June 30, 2009	23,237	23,237	100.0
June 30, 2010	18,789	18,789	100.0

Source: The Association's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2010 – Required Supplemental Information, citing the Segal Group, Inc. Biannual Actuarial Valuation.

⁽¹⁾ Excludes \$18.2 million available for benefits.

Payment of the Annual Required Contribution for Post-Retirement Healthcare Benefits. The County and other employers have determined to pay the ARC as calculated by the Association's actuary. The payment of the ARC is in addition to the Employers' regular pension contributions and is contingent upon the Association continuing to limit the retiree healthcare benefits to the Tier I and Tier II retirees and at levels no greater than were in effect on December 5, 2006, which are those benefit levels described under the caption "Post-Retirement Healthcare Benefits – General" herein. For the Fiscal Year ended June 30, 2010, the employers collectively paid \$18.8 million to the Association for deposit into the 401(h) account, which satisfied the ARC for that year.

Historical Payments. Table 14 below sets forth the amounts for each of the ten years ended June 30, 2010 that the Association has paid to its members for post-retirement healthcare benefits:

TABLE 14
PAYMENTS FOR POST-RETIREMENT
HEALTHCARE BENEFITS
Years Ended June 30, 2001 through 2010

Fiscal Year Ended June 30	Payments for Retiree Healthcare Benefits (in millions)
2001	\$10.8
2002	14.3 ⁽¹⁾
2003	20.0 ⁽¹⁾
2004	26.4 ⁽¹⁾
2005	32.6
2006	32.9
2007	35.3
2008	24.4 ⁽²⁾
2009	23.6
2010	23.3

Source: The Association.

⁽¹⁾ A portion of the indicated amounts are allocated to the administrative expenses related to the provision of the post-retirement healthcare benefits.

⁽²⁾ Beginning with Fiscal Year 2007-08, healthcare benefits were paid from the 401(h) account, which had an available balance of \$18.8 million on June 30, 2007 and received contributions from the employers of \$23.6 million during that fiscal year.

Supplemental Pension Benefits

Beginning July 1 of Fiscal Year 2007-08, the Association stopped paying a non-taxable healthcare benefit to its previously eligible General Tier A retirees and Safety retirees covered by the 3% at age 50 benefit formula, and instead started paying to them a taxable pension supplement based on years of service. The source of these payments is the former Healthcare Reserve, which was converted to a Supplemental Benefit reserve. The supplemental benefit allowance ("SBA") ranges from \$200 per month (10 years of service) to \$400 per month (20 or more years of service). During Fiscal Year 2009-10, a total of \$19.8 million was paid from this reserve to Tier A retirees, leaving a balance in the reserve of \$111.2 million on June 30, 2010 that is expected to provide for payments to eligible members through approximately 2014. In addition, the Association set aside \$20.7 million in excess earnings from Fiscal Year 2006-07 to provide a taxable pension supplement to General Tier A members and Safety members covered by the 3% at age 50 benefit formula, who retire because of a disability. Members who are granted a disability retirement and determined to be totally disabled are eligible for the maximum SBA (\$400 per month) regardless of years of service. Members with less than 10 years of service credit who are granted a disability retirement and determined to be partially disabled are eligible for the minimum SBA (\$200 per month). During Fiscal Year 2009-10, a total of \$2.4 million was paid to these disability retirees, leaving a balance in the Disability Supplemental Benefit Allowance Reserve on June 30, 2010 of \$14.4 million.

STAR COLA Benefits

General. The STAR COLA benefits provide retirees with additional cost-of-living adjustments. The Retirement Board's STAR COLA policy preserves 80% of a retiree's purchasing power calculated against when that retiree retired. The Retirement Law does not require the Association to provide any STAR COLA payments. In addition, in the opinion of County Counsel, the County has not entered into any collective bargaining agreements or other arrangements that require the County or the Association to maintain STAR COLA benefits.

Prefunding of STAR COLA Benefits. On August 2, 2007, the Retirement Board approved a permanent STAR COLA pre-funded supplemental cost-of-living increase benefit for eligible members. This action resulted in the transfer of the assets from the STAR COLA Reserve to valuation assets and the liability for the STAR COLA benefits for eligible members to be incorporated into the overall liabilities of the retirement fund. Eligible members are those whose accumulations equaled or exceeded 20 percent as of January 1, 2007. By this definition, eligible members are Tier 1 members who retired on or before March 31, 1982 and Tier II members who retired on or before March 31, 1989. The permanent STAR COLA benefit will be equal to the STAR COLA amount payable as of April 1, 2007 under the applicable laws. Effective April 1, 2008, this benefit is subject to the same cost-of-living increase paid by the Association on every April 1 up to 3% per annum.

Historical Practice and Payments. Prior to the August 2, 2007 Retirement Board action, the Retirement Board's historical practice had been to maintain an amount in the STAR COLA reserve that the Association's actuary estimated would be necessary to cover the costs of the STAR COLA benefits for current eligible retirees for five years. Each year, the Association's actuary prepared an estimate of the amounts necessary to be contributed to the STAR COLA reserve to meet this targeted level. For a discussion on actions of the Retirement Board with respect to the transfer of certain Excess Earnings to the Health Reserve and the STAR COLA reserve, see "County Financial Information – San Diego County Employees Retirement Association – Transfers of Investment Earnings by the Association" herein.

Table 15 below sets forth the amounts paid by the Association to retirees out of the STAR COLA reserve since 2001. The Association does not track either the Employer or the departments or funds of any Employer from which retired personnel receiving STAR COLA benefits, when in active service, were paid.

TABLE 15
PAYMENTS FROM STAR COLA RESERVE
Fiscal Years Ended June 30, 2001 through 2010

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Payments from STAR</u> <u>COLA Reserve (in millions)</u>
2001	\$ 8.2
2002	8.1
2003	7.2
2004	11.3
2005	11.0
2006	10.7
2007	10.4
since 2008 ⁽¹⁾	0.0

Source: The Association.

⁽¹⁾ As a result of the restructuring of the STAR COLA Reserve effective with the June 30, 2007 Valuation Report, the STAR COLA Reserve has held no assets since Fiscal Year 2007-08 and the liability for STAR COLA benefits are incorporated into the overall liabilities of the retirement fund.

Pension Obligation Bonds

Introduction. The County has issued taxable pension obligation bonds (“POBs”) from time to time and transferred the proceeds to the Association to reduce the UAAL existing at the time of issuance of the POBs. Under California law, the obligation to fund the UAAL by making actuarially required contributions is an obligation imposed by law. The effect of issuance of POBs is to refinance that obligation and convert it from an obligation to make actuarially required contributions to an obligation to make interest and principal payments on bonds which are sold to the public.

County Pension Obligation Bonds. In February 1994, the County issued \$430,430,000 in principal amount of POBs (the “1994 POBs”) and in October 2002 the County issued an additional \$737,340,000 in principal amount of POBs (the “2002 POBs”), in part to refund a portion of the 1994 POBs. In June 2004, the County issued \$454,112,915.70 in principal amount of POBs (the “2004 POBs”). The County has contributed to the Association an aggregate amount of \$1,428,500,000 from the issuance of the 1994 POBs, the 2002 POBs and the 2004 POBs to reduce the UAAL. On August 15, 2007, the County prepaid in full all of the \$100 million Series 2002C PINES and on February 15, 2008, the County prepaid \$20 million of the Series 2002B-1 POBs (herein defined) with available cash, these two prepayments resulted in over approximately \$7.5 million of annual interest savings to the County. In August 2008, the County prepaid \$44 million of its Series 2002B-1 POBs with available cash, which resulted in approximately \$3.06 million of annual interest savings to the County. On August 7, 2008, the County issued \$443,515,000 aggregate principal amount of Taxable Pension Obligation Bonds, Series 2008A (the “2008A POBs”) and Series 2008B (Variable Rate Demand Obligations) (the “2008B POBs” and, together with the 2008A POBs, the “2008 POBs”). The proceeds of the 2008 POBs were used to refund all of the then-outstanding 2002 B1-B4 POBs that were originally issued as auction rate securities (the “2002B POBs”). On July 1, 2009, the County prepaid in full all of the \$100 million Series 2008B

POBs, which resulted in approximately \$4.5 million of annual interest savings. As of May 3, 2011, the County had POBs outstanding in the aggregate principal amount of \$840.1 million. The County may, from time to time, finance all or a portion of the UAAL employer contributions through the additional issuances of POBs. The County has no variable rate POBs outstanding. See “County Financial Information – General Obligation Debt, Pension Obligation Bonds, Lease Obligations and Long-Term Loans” herein.

Pension Related Payments and Obligations

Payments. Table 16 below sets forth the historical and estimated Employer Contributions, Employer Offsets and POB debt service for Fiscal Years 2008 through 2017. The estimates and related assumptions are “forward-looking” in nature and are not to be construed as representations of fact or representations that in fact the various estimates shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the County taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts.

TABLE 16
PENSION RELATED PAYMENTS
Fiscal Years Ended June 30, 2008 through 2017
(In Millions)

<u>Fiscal Year</u>	<u>Employer Contributions⁽¹⁾</u>	<u>Employer Offsets⁽²⁾</u>	<u>County Pension Obligation Bonds Debt Service⁽³⁾</u>	<u>Total</u>
2008 ⁽⁴⁾	\$236.8	\$68.7	\$66.1	\$371.6
2009 ⁽⁴⁾	219.6	71.6	82.0	373.2
2010 ⁽⁴⁾	189.5	68.4	81.4	339.3
2011 ⁽⁵⁾	224.0	71.0	81.3	376.3
2012 ⁽⁵⁾	296.0	74.0	81.4	451.4
2013 ⁽⁵⁾	372.0	77.0	81.4	530.4
2014 ⁽⁵⁾	441.0	80.0	81.4	602.4
2015 ⁽⁵⁾	504.0	83.0	81.4	668.4
2016 ⁽⁵⁾	519.0	87.0	81.4	687.4
2017 ⁽⁵⁾	541.0	91.0	81.3	713.3

Source: The Segal Company; County of San Diego.

(1) These contribution amounts reflect the aggregate contribution amount of all Employers and not only that of the County. The County share of Employer Contributions and Employer Offsets are estimated to be approximately 91.0% based on the estimated relative percentage of payroll of the County for Fiscal Year 2009-10. See “County Financial Information – San Diego County Employees’ Retirement Association – General” herein.

(2) Employer Offsets do not reflect negotiated reductions effective July 1, 2011. See “The County – County of San Diego Employees – Negotiated Retirement Amendments” herein.

(3) Consists of regular principal and interest payments. Prepayment amounts are allocated to the fiscal years in which the associated principal and interest payments are due.

(4) Actual.

(5) Estimated. The amounts indicated are subject to the same assumptions as set forth in footnotes (1) through (3) to the “Prospective Funding Status of the Association” table herein.

Pension – Rated Obligations. Table 17 below sets forth the historical and estimated UAAL and expected outstanding principal amounts of POBs for the years indicated, assuming no additional POBs are issued and the outstanding POBs mature on their respective amortization schedules. The estimates contained in Table 17 and the related assumptions are “forward-looking” in nature and are not to be construed as representations of fact or representations that in fact the various estimates shown will be the correct amounts for the years indicated. Rather, these reflect good faith estimates by the County taking into account a variety of assumptions, a number of which are discussed herein. Accordingly, prospective investors are cautioned to review these estimates as general indications of orders of magnitude and not as precise amounts.

TABLE 17
COUNTY PENSION RELATED OBLIGATIONS
Fiscal Years Ended June 30, 2008 through 2017
(In Millions)

<u>Fiscal Year</u>	<u>UAAL</u>	<u>Outstanding Pension Obligation Bonds⁽¹⁾</u>	<u>Total Outstanding Obligations</u>
2008	\$ 485.4	\$1,068.2	\$1,553.6
2009	785.6	1,006.0	1,791.6
2010	1,565.9	874.3	2,440.2
2011	2,292 ⁽²⁾	841.3	3,133.3
2012	3,028 ⁽²⁾	806.8	3,834.8
2013	3,661 ⁽²⁾	770.5	4,431.5
2014	3,606 ⁽²⁾	732.3	4,338.3
2015	3,599 ⁽²⁾	692.3	4,291.3
2016	3,531 ⁽²⁾	649.9	4,180.9
2017	3,440 ⁽²⁾	605.5	4,045.5

Source: The Segal Company; County of San Diego.

⁽¹⁾ Includes a portion of the 2004 POBs issued as capital appreciation bonds (the “CABs”), for which interest accretes semiannually on February 15 and August 15, but is not payable until the final maturity of each respective capital appreciation bond. The initial total issuance amount of the CABs was \$64,927,915.70, which will accrete to a total maturity value of \$100,170,000 over the respective maturity dates commencing August 15, 2009 and ending August 15, 2015.

⁽²⁾ Estimated. The amounts indicated are subject to the same assumptions as set forth in footnote (1) to the “Prospective Funding Status of the Association” table herein.

Risk Management

The County is required to obtain and maintain general liability insurance and workers’ compensation insurance under various types of its financing lease obligations. These financing leases generally require general liability insurance to be issued by a responsible carrier or be in the form of self-insurance or self-funding to cover claims for damages including death, personal injury, bodily injury, or property damage arising from operations involving the facilities covered by such leases, affording protection with a combined single limit loss of not less than \$5,000,000 per occurrence with respect to bodily injury, death or property damage liability. In addition, these financing leases generally require the County to obtain and maintain workers’ compensation insurance issued by a responsible carrier or in the form of self-insurance or self-funding for all persons provided coverage by the County for workers’ compensation benefits in connection with the facilities covered by such leases and to cover full liability for compensation under the labor code requiring workers’ compensation. Any self-insurance or self-funding for these risks is subject to certain conditions, including, but not limited to, providing evidence of self-insurance and annual certification to the trustee with respect to such financing leases by an authorized

representative of the County's risk management division or an independent insurance consultant of the sufficiency of coverage. Appropriation of such funds as may be necessary for self-funding, are made by the County.

The County operates a Risk Management Program, whereby it is self-insured for general liability, medical malpractice, errors and omissions, and workers' compensation. The County purchases insurance for all risk property damage, boiler and machinery, earthquake on specified locations and certain casualty claims, such as airports, sheriff helicopters, and employee dishonesty and faithful performance of duties. The amount of coverage varies depending on the type of policy. Settlements in the areas covered have not exceeded insurance coverage for each of the past three fiscal years. The County allocated the cost of providing claims service to all its operating funds as a "premium" charge expressed as a percentage of payroll. In accordance with Government Accounting Standards Board Statement 10, "Accounting and Financial Reporting for Risk Financing and Relating Insurance Items," the County established two Internal Service Funds, the Public Service Liability Fund and the Employee Benefits Internal Service Fund to report all of its uninsured risk management activities. Risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Actuarial evaluations were obtained which determine estimates of known and projected general liability and workers compensation claim liabilities. At June 30, 2010, the amount of these actuarial liabilities amount to \$23.1 million for the public liability and \$94.9 million in workers' compensation. The June 30, 2010 available cash balances for the ISFs combined were \$132.9 million.

The County will maintain excess workers' compensation insurance for Fiscal Year 2010-11. The County does not carry excess liability insurance at this time.

Litigation

There is no pending litigation that would materially impact the ability for the County to pay its obligations.

Short-Term Borrowing

In July 2010, the County issued its Tax and Revenue Anticipation Note Program Note Participations, Series 2010 (the "2010 TRANs") on behalf of itself and certain school districts within the County in an aggregate principal amount of \$264,745,000, of which \$140,000,000 represent notes issued by the County. The 2010 TRANs mature on June 30, 2011. The 2010 TRANs were issued for the purpose of financing seasonal cash flow requirements for general fund expenditures.

General Obligation Debt, Pension Obligation Bonds, Lease Obligations and Long-Term Loans

The County has no outstanding general obligation bonds. As of May 3, 2011, the County had POBs outstanding in the aggregate principal amount of \$840.1 million. Starting with the financing of the El Cajon Administrative Building in 1955, the County has made use of various lease arrangements with joint powers authorities, a nonprofit corporation, a redevelopment agency and private parties to finance capital project needs. Under these arrangements, the financing entity usually constructs or acquires capital assets with the proceeds of lease revenue bonds ("LRBs") or certificates of participation ("COPs") and then leases the asset or assets to the County. As of May 3, 2011, the County had LRBs and COPs outstanding in the aggregate principal amount of \$385.7 million. As of May 3, 2011, there were approximately \$1.2 billion aggregate principal amount of long-term general fund obligations outstanding. The annual long-term lease payments and annual debt service payments on the LRBs, COPs and POBs of the County aggregate to approximately \$127.4 million for Fiscal Year 2010-11 and will aggregate to approximately \$122.7 million for Fiscal Year 2011-12. Debt service on the aforementioned obligations

and evidences of indebtedness are paid from amounts in the County's General Fund, a portion of which is reimbursed with amounts from various other revenue sources. The County has no outstanding variable rate obligations and does not have an outstanding liquidity facility in support of payment of any of its outstanding bonds payable from general fund revenues. See "County Financial Information – Pension Obligation Bonds" herein.

Table 18 below sets forth a summary of long-term obligations payable from the General Fund:

TABLE 18
COUNTY OF SAN DIEGO
SUMMARY OF LONG-TERM BONDED OBLIGATIONS
PAYABLE FROM THE GENERAL FUND
As of May 3, 2011
(In Thousands)

	<u>Interest Rates</u>	<u>Final Maturity Dates</u>	<u>Original Principal Amounts</u>	<u>Principal Amounts Outstanding</u>
Certificates of Participation and Lease Revenue Bonds				
San Diego County Capital Asset Leasing Corporation ("SANCAL"):				
1993 Master Refunding, issued May 1993	2.50-5.63%	2012	\$ 203,400	\$ 7,400
2005 RCS Refunding, issued February 2005	3.00-5.00%	2019	28,885	13,455
2005 Edgemoor, issued February 2005	3.00-5.00%	2030	83,510	74,265
2005 North and East County Justice Facility Refunding, issued September 2005	3.25-5.00%	2019	28,210	19,915
2006 Edgemoor Completion Project, issued December 2006	4.00-5.00%	2030	42,390	39,790
2009 Justice Facilities Refunding, issued October 2009	2.00-5.00%	2025	80,940	74,680
Total SANCAL			<u>\$ 467,335</u>	<u>\$ 229,505</u>
San Diego Regional Building Authority (SDRBA):				
2009 COC Phase 1A, issued February 2009	3.00-5.375%	2036	136,885	136,885
2011 MTS Tower Refunding, issued May 2011	1.00-5.00%	2019	19,260	19,260
Total SDRBA			<u>\$ 156,145</u>	<u>\$ 156,145</u>
Total Certificates of Participation and Lease Revenue Bonds			<u>\$ 623,480</u>	<u>\$ 385,650</u>
Taxable Pension Obligation Bonds:				
County of San Diego Pension Obligation Bonds, issued October 2002				
Series A	3.88-4.95%	2015	\$ 132,215	\$ 86,225
County of San Diego Pension Obligation Bonds, issued June 2004				-
Series A	3.28-5.87%	2022	241,360	212,870
Series B1, B2	5.91%	2024	147,825	147,825
Series C ⁽¹⁾	4.66-5.76%	2015	64,928	75,410
Less Unaccrued Value			-	(8,960)
County of San Diego Pension Obligation Bonds, issued August 2008				
Series A	3.33-6.03%	2027	343,515	327,370
Total Pension Obligation Bonds			<u>\$ 929,843</u>	<u>\$ 840,740</u>
Total General Fund Long-Term Bonded Obligations			<u>\$ 1,553,323</u>	<u>\$ 1,226,390</u>

⁽¹⁾ Issued as capital appreciation bonds (the "CABs"), for which interest accrues semiannually on February 15 and August 15, but is not payable until the final maturity of each respective capital appreciation bond. The initial total issuance amount of the CABs was \$64,927,915.70, which will accrete to a total maturity value of \$100,170,000 over the respective maturity dates commencing August 15, 2009 and ending August 15, 2015.

Source: The County of San Diego Auditor and Controller.

Table 19 below sets forth a summary of outstanding principal and interest payments attributable to long-term obligations payable from the County General Fund. With the exception of the 2002 Motorola financing, funds for all principal and interest payments due throughout the fiscal year are deposited with the applicable trustee at the beginning of the fiscal year on July 5 or, if July 5 is not a business day, the first business day after July 5.

TABLE 19
COUNTY OF SAN DIEGO
SUMMARY OF OUTSTANDING PRINCIPAL AND INTEREST PAYMENTS
ATTRIBUTABLE TO LONG-TERM OBLIGATIONS PAYABLE FROM THE GENERAL FUND

Fiscal Year	Certificates of Participation and Lease Revenue Bonds										Pension Obligation Bonds				Total General Fund Obligation
	1993 Master Refunding	2002 Motorola	2005 RCS Refunding	2005 Edgemoor	2005 North & East	2006 Edgemoor	2009 COC Phase 1A ⁽¹⁾	2009 Justice Facilities Refunding	2011 MTS Tower Refunding	Subtotal	2002 Pension Obligation Bonds	2004 Pension Obligation Bonds	2008 Pension Obligation Bonds	Subtotal	
2011	\$8,024,375	\$3,474,890	\$2,969,488	\$6,140,113	\$2,722,275	\$3,134,983	\$ --	\$9,635,725	\$3,129,746	\$39,231,594	\$20,437,075	\$33,960,701	\$27,012,599	\$81,410,375	\$120,641,969
2012	3,915,000		2,961,238	6,137,663	2,717,825	3,131,983	7,626,996	9,620,725	2,647,176	38,758,604	20,435,532	35,320,701	25,578,765	81,334,997	120,093,601
2013	3,906,875		2,960,350	6,136,900	2,716,725	3,131,983	9,876,594	9,591,325	2,715,000	41,035,751	20,438,748	36,715,701	24,263,767	81,418,216	122,453,968
2014			2,962,350	6,136,150	2,724,563	3,134,783	9,874,844	7,377,475	2,668,250	34,878,414	20,438,346	38,210,701	22,763,875	81,412,922	116,291,336
2015			1,433,400	6,139,600	2,719,113	3,135,183	9,876,944	7,343,450	2,718,400	33,366,089	17,656,527	39,741,424	24,013,656	81,411,606	114,777,695
2016			1,427,750	6,140,750	2,722,300	3,132,683	9,874,744	7,341,375	2,650,000	33,289,601	17,656,443	41,337,148	22,420,907	81,414,497	114,704,098
2017			1,429,000	6,138,000	2,721,125	3,131,433	9,877,144	7,333,238	2,678,800	33,308,739		42,965,099	38,373,607	81,338,705	114,647,444
2018			1,427,250	6,138,000	2,719,000	3,136,183	9,878,744	7,329,625	2,693,000	33,321,801		44,717,296	36,694,015	81,411,311	114,733,113
2019			1,417,500	6,140,250	2,720,875	3,136,433	9,877,644	6,474,375	2,694,875	32,461,951		46,507,149	34,906,405	81,413,555	113,875,506
2020				6,139,250	2,721,375	3,132,183	9,875,044	6,474,000	1,347,875	29,689,726		48,369,669	33,038,654	81,408,323	111,098,049
2021				6,139,750		3,133,183	9,878,444	6,472,125		25,623,501		50,283,425	31,128,216	81,411,642	107,035,143
2022				6,136,250		3,135,983	9,876,569	6,467,500		25,616,301		52,322,691	29,085,382	81,408,073	107,024,374
2023				6,138,500		3,135,033	9,874,869	6,147,125		25,295,526		54,439,051	26,892,208	81,331,260	106,626,786
2024				6,135,750		3,135,258	9,876,394	4,171,625		23,319,026		56,663,519	24,750,780	81,414,299	104,733,325
2025				6,137,750		3,136,445	9,874,644	4,160,250		23,309,089		58,942,024	22,478,030	81,420,054	104,729,143
2026				6,138,750		3,133,383	9,874,813	2,916,125		22,063,070			81,415,400	81,415,400	103,478,470
2027				6,138,250		3,136,070	9,878,438			19,152,758			67,113,947	67,113,947	86,266,704
2028				6,135,750		3,133,813	9,877,625			19,147,188					19,147,188
2029				6,140,750		3,136,438	9,875,106			19,152,294					19,152,294
2030				6,137,250		3,133,500	9,878,706			19,149,456					19,149,456
2031							9,877,506			9,877,506					9,877,506
2032							9,874,700			9,874,700					9,874,700
2033							9,876,200			9,876,200					9,876,200
2034							9,875,663			9,875,663					9,875,663
2035							9,877,013			9,877,013					9,877,013
2036							9,878,906			9,878,906					9,878,906

⁽¹⁾ Excludes interest payments through June 1, 2011, which are funded by capitalized interest.

Anticipated Capital Financings

A Capital Improvements Needs Assessment (“CINA”) is prepared and presented annually to the Board of Supervisors to guide the development of both immediate and long-term capital projects. The CINA includes a comprehensive list of all current and anticipated capital projects over a five-year period. Capital projects are considered during the annual budget process unless the Board of Supervisors or the CAO recommends mid-year adjustments to the budget as circumstances warrant to meet emergency requirements or to benefit from unusual developments or purchase opportunities. The Fiscal Year 2011-2016 CINA was approved on April 12, 2011. It represents \$169.6 million in currently funded and approved projects and \$630.5 million in partially funded and unfunded priority major and minor capital projects over the five-year time-frame of the CINA. Of the projects included in the CINA, the CAC Waterfront Park project, the Cedar and Kettner development project, and future COC development may be debt financed. All other projects will be funded with alternative sources of revenue.

Long-Term Financial Obligation Management Policy

In 1998, the County adopted a long-term financial strategy and policy (as amended, the “Long-Term Financial Obligation Management Policy”) to ensure sound financial management practices with respect to County or County-related obligations whose terms exceed one fiscal year (excluding leases in which payments are not securitized). Pursuant to the Long-Term Financial Obligation Management Policy, a Debt Advisory Committee (“DAC”) consisting of the Chief Financial Officer, the Auditor-Controller and the Treasurer-Tax Collector and established by the Chief Administrative Office, reviews proposed financings. DAC approval is required prior to consideration of a financing by the Board of Supervisors. The Long-Term Financial Obligation Management Policy requires that prior to any recommendation by DAC to move forward with a long-term financial obligation, there shall be an assessment of the ability to repay the obligation, identification of the funding source of repayment, evaluation of the impact of the ongoing obligation on the current budget and future budgets, assessment of the maintenance and operational requirements of the project to be financed, and consideration of the impact on the County’s credit rating. The Long-Term Financial Obligation Management Policy also provides for the filing of notices of completion on all projects within five years of their financing, continuous review of outstanding obligations for economically feasible and advantageous refinancing opportunities and the periodic reporting of unspent capital project funds through quarterly or year-end budget reports. The Long-Term Financial Obligation Management Policy prohibits the use of long-term financial obligations to fund current operations or for recurring purposes, and the issuance of variable rate obligations in excess of 15% of the County’s outstanding long-term obligations. Recently, the County’s practice of using 5% of General Fund revenue as a not-to-exceed guideline for annual debt service requirements in long-term planning has been formalized and incorporated into the Long-Term Financial Obligation Management Policy. Exceptions to the provisions of the Long-Term Financial Obligation Management Policy are permitted in extraordinary conditions.

Swap Policy

In 2004, DAC approved an Interest Rate Swap Policy (the “Swap Policy”) establishing guidelines for the execution and management of the County’s use of interest rate and other swaps, caps, options, basis swaps, rate locks, total return swaps and other similar products (the transactions involving such products being referred to herein as “Swap Transactions”). The Swap Policy is reviewed, and updated as necessary, annually by DAC. The County may integrate Swap Transactions into its overall debt and investment management programs in a prudent manner to, among other things, enhance the relationship between risk and return with respect to debt or investments, achieve significant savings as compared to products available in the cash market, provide a higher level of savings, lower level of risk, greater flexibility, or other direct benefits not available in the cash market and achieve more flexibility in meeting

overall financial objectives than can be achieved in conventional markets, all in accordance with the parameters set forth in the Swap Policy and consistent with the County's overall long-term financial obligation management policy. Pursuant to the Swap Policy, the total notional amount of all Swap Transactions executed by the County shall not exceed 30% of the outstanding principal of the County's long-term debt obligations at the time of execution. The County has no outstanding swap agreements.

Overlapping Debt and Debt Ratios

Table 20 sets forth a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics Inc. and dated as of February 28, 2011. The Debt Report is included for general information purposes only. The County has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report does not include the County of San Diego Certificates of Participation (2011 MTS Tower Refunding) executed and delivered in May, 2011 and the prepayment effected with proceeds thereof.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the County in whole or in part. Such long-term obligations generally are not payable from revenues of the County (except as indicated) nor are they necessarily obligations secured by land within the County. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE 20
COUNTY OF SAN DIEGO
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
(As of February 28, 2011)

2010-11 Assessed Valuation:	\$390,777,048,827	(includes unitary utility valuation)
Redevelopment Incremental Valuation:	<u>39,095,040,445</u>	
Adjusted Assessed Valuation:	\$351,682,008,382	

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/28/11</u>
Metropolitan Water District	18.533%	\$ 47,273,050
Grossmont-Cuyamaca Community College District	100.	193,373,290
Palomar Community College District	100.	324,843,901
San Diego Community College District	100.	620,470,828
Other Community College Districts	100.	178,038,974
Carlsbad Unified School District	100.	126,245,441
Oceanside Unified School District	100.	193,410,045
Poway Unified School District SFID Nos. 2002-1 and 2007-1	100.	274,996,263
San Diego Unified School District	100.	1,700,910,669
Vista Unified School District	100.	132,674,882
Other Unified School Districts	100.	30,624,690
Grossmont Union High School District	100.	379,743,431
Sweetwater Union High School District	100.	338,354,415
Other Union High School Districts	100.	102,047,846
Cajon Valley Union School District	100.	99,900,000
Chula Vista City School District	100.	74,835,000
San Ysidro School District	100.	85,697,104
Other School Districts	100.	323,132,903
Otay Municipal Water District	100.	7,260,000
Cities	100.	110,970,000
Grossmont Healthcare District	100.	85,422,076
Palomar Pomerado Hospital District	100.	481,514,998
Community Facilities Districts	100.	1,651,352,083
1915 Act Bonds (Estimated)	100.	<u>155,787,374</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$7,718,879,263

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>	<u>% Applicable</u>	<u>Debt 2/28/11</u>
San Diego County General Fund Obligations	100. %	\$ 388,505,000
San Diego County Pension Obligations	100.	820,288,160⁽¹⁾
San Diego County Superintendent of School Obligations	100.	19,992,500
Community College District Certificates of Participation	100.	14,150,000
Poway Unified School District Certificates of Participation	100.	127,465,490
Other Unified School District Certificates of Participation	100.	145,991,687
High School District Certificates of Participation	100.	85,662,500
Chula Vista City School District Certificates of Participation	100.	140,055,000
Other School District Certificates of Participation	100.	124,049,849
Otay Municipal Water District Certificates of Participation	100.	60,095,000
City of Chula Vista General Fund and Pension Obligations	100.	140,050,000
City of Escondido General Fund Obligations	100.	59,327,090
City of San Diego General Fund Obligations	100.	513,195,000

(Table continued on next page.)

(Table continued from prior page.)

City of Vista General Fund Obligations	100.	116,225,000
Other City General Fund Obligations	100.	258,540,000
Special District Certificates of Participation	100.	<u>17,155,000</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$3,030,747,276
Less: Otay Municipal Water District Certificates of Participation (100% supported)		60,095,000
City of El Cajon General Fund Obligations supported by sales tax revenues		<u>25,195,000</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$2,945,457,276
 GROSS COMBINED TOTAL DEBT		 \$10,749,626,539 ⁽²⁾
NET COMBINED TOTAL DEBT		\$10,664,336,539

(1) Reflects principal amount of outstanding Series 2004C POBs; does not reflect the accreted amount on such bonds.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Excludes County of San Diego Certificates of Participation (2011 MTS Tower Refunding) executed and delivered in May, 2011 and the prepayment effected with proceeds thereof.

Ratios to 2010-11 Assessed Valuation:

Total Overlapping Tax and Assessment Debt..... 1.98%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$1,208,793,160)..... 0.34%

Gross Combined Total Debt 3.06%

Net Combined Total Debt..... 3.03%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

Source: California Municipal Statistics, Inc.

SAN DIEGO COUNTY INVESTMENT POOL

General

Pursuant to a resolution adopted July 8, 1958, the Board of Supervisors delegated to the County Treasurer the authority to invest and reinvest funds of the County. Applicable law limits this delegation of authority to a one-year period and must be renewed annually by action of the Board of Supervisors. In addition to funds of the County (and the various departments in the County, such as Public Works and Public Administration), funds of certain local agencies within the County, including school districts in the County, are required under state law to be deposited into County treasury ("Involuntary Depositors"). In addition, certain agencies, including community college districts, invest certain of their funds in the County treasury on a voluntary basis ("Voluntary Depositors" and together with the Involuntary Depositors, the "Depositors"). Deposits made by the County and the various local agencies are commingled in a pooled investment fund (the "Treasury Pool" or the "Pool"). No particular deposits are segregated for separate investment.

Under State law, Depositors in the Pool are permitted to withdraw funds which they have deposited on 30 days notice. The County does not expect that the Pool will encounter liquidity shortfalls based on its current portfolio and investment guidelines or realize any losses that may be required to be allocated among all Depositors in the Pool.

The County has established an Oversight Committee as required by State law. The members of the Oversight Committee include the County Treasurer, the Chief Financial Officer, members of the public, and a representative from a special district and a school district. The role of the Oversight Committee is to review and monitor the Investment Policy that is prepared by the County Treasurer.

Treasury Pool's Portfolio

As of April 30, 2011, the securities in the Treasury Pool had a market value of \$6,916,649,842 and a book value of \$6,899,501,949, for a net unrealized gain of \$17,147,894 of the book value of the Treasury Pool.

The effective duration for the Treasury Pool was 0.600 years as of April 30, 2011. The duration is a measure of the price volatility of the portfolio and reflects an estimate of the projected increase or decrease in the value of the portfolio based upon a decrease or increase in interest rates. A duration of 0.600 means that for every one percent increase in interest rates the market value of the portfolio would decrease by 0.600%.

As of April 30, 2011, approximately 6.93% of the total funds in the Pool were deposited by Voluntary Depositors, such as cities and fire districts, 9.46% by community colleges, 40.81% by the County, 6.43% by the Non-County and 36.37% by K-12 school districts.

Standard & Poor's Rating Group maintains ratings of "AAA" (extremely strong protection against losses and credit defaults) and "S-1" (low sensitivity to changing market conditions) on the Pool. The ratings reflect only the view of the rating agency and any explanation of the significance of such ratings may be obtained from such rating agency as follows: Standard & Poor's Rating Services, a Division of McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041.

Investments of the Treasury Pool

Authorized Investments

Investments of the Pool are placed in those securities authorized by various sections of the California Government Code, which include obligations of the United States Treasury, Agencies of the United States Government, local and State bond issues, bankers acceptances, commercial paper of prime quality, certificates of deposit (both collateralized and negotiable), repurchase and reverse repurchase agreements, medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), and asset backed (including mortgage related) and pass-through securities. Generally, investments in repurchase agreements cannot exceed a term of one year and the security underlying the agreement shall be valued at 102% or greater of the funds borrowed against the security and the value of the repurchase agreement shall be adjusted no less than quarterly. In addition, reverse repurchase agreement generally may not exceed 20% of the base value of the portfolio and the term of the agreement may not exceed 92 days. Securities lending transactions are considered reverse repurchase agreements for purposes of this limitation. Base Value is defined as the total cash balance excluding any amounts borrowed (i.e., amounts obtained through selling securities by way of reverse repurchase agreements or other similar borrowing methods).

Legislation which would modify the currently authorized investments and place restrictions on the ability of municipalities to invest in various securities is considered from time to time by the California State Legislature. At all times, the Pool's investments will comply with California Government Code and the County's Investment Policy (the "Investment Policy").

The Investment Policy

The Investment Policy currently states the primary goals of the County Treasurer when investing public funds to be as follows: the primary objective is to safeguard the principal of the funds under the County Treasurer's control, the secondary objective is to meet the liquidity needs of the Pool Participants, and the third objective is to achieve an investment return on the funds under the control of the County Treasurer within the parameters of prudent risk management. The Investment Policy contains a goal that 50% of the Pool should be invested in securities maturing in one year or less, with the remainder of the portfolio being invested in debt securities with maturities spread over more than one year to five years. Furthermore, at least 25% of the securities must mature within 90 days. The maximum effective duration for the Pool shall be 1.50 years.

With respect to reverse repurchase agreements, the Investment Policy provides for a maximum maturity of 92 days (unless the reverse repurchase agreement includes a written guarantee of a minimum earning or spread for the entire period of such agreement) and a limitation on the total amount of reverse repurchase agreements and/or securities lending agreements to 20% of the total investments in the Pool. The Investment Policy states that the purpose of reverse repurchase agreements shall be to invest the proceeds from the agreement into permissible securities that have the highest short-term credit ratings; to supplement the yield on securities owned by the Pool; or to provide funds for the immediate payment of an obligation. The maturity of the reverse repurchase agreement and the maturity of the security purchased shall be the same.

The County from time to time has engaged in securities lending transactions. Generally, these transactions involve the transfer by the governmental entity, through an agent, of securities to certain broker-dealers and financial institutions or other entities in exchange for collateral, and this collateral may be cash or securities. Most commonly, these transactions provide for the simultaneous return of the collateral to the securities borrower upon receipt of the same securities at a later date. Presently, the County has suspended its securities lending transactions program, but may decide to enter into a securities lending agreement in the future. Any such securities lending transactions are considered reverse repurchase agreements under the Investment Policy and, accordingly, the total principal amount of reverse repurchase agreements and securities lending agreements may not exceed 20% of the Pool. Since the inception of the County's securities lending program in 1987, there has not been any loss of principal to the Pool resulting from these securities lending transactions or the investment of the related collateral.

The Investment Policy also authorizes investments in covered call options and put options, which are options that the Treasurer sells to a third party the right to buy an existing security in the Pool or sell a security to the Pool, both at a specific price within a specific time period. Under the Investment Policy, securities subject to covered calls are not to be used for reverse repurchase agreements; cash sufficient to pay for outstanding puts are to be invested in securities maturing on or before the expiration date of the option; the maximum maturity of a covered call option/put option is to be 90 days and not more than 10% of the total investments in the Pool could have options written against them at any given time.

Beginning early August 2007, the County Investment Pool halted all investment in asset-backed commercial paper and has no plans to resume investment in this type of security until the current credit crisis has passed. Further, the County Pool is not invested in any structured investment vehicles and has never invested in collateralized debt obligations.

In order to limit exposure to credit risk, the County Pool has limited purchases of corporate securities to maturities less than 60 days.

Certain Information Relating to Pool

Table 21 below sets forth information with respect to the Pool as of the close of business April 30, 2011. As described above, a wide range of investments is authorized by state law. Therefore, there can be no assurances that the investments in the Pool will not vary significantly from the investments described below. In addition, the value of the various investments in the Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the Pool will not vary significantly from the values described below. In addition, the values specified in the following table were based upon estimates of market values provided to the County by a third party. Accordingly, there can be no assurance that if these securities had been sold on April 30, 2011, the Pool necessarily would have received the values specified.

TABLE 21
TREASURER-TAX COLLECTOR
SAN DIEGO COUNTY PORTFOLIO STATISTICS
(As of April 30, 2011)

	Percent of Portfolio	Book Value	Market Price	Accrued Interest	Market Value	Net Unrealized Gain/(Loss)	Yield to Maturity	Weighted Average Days to Maturity
US Treasury Bill	0.58%	\$ 39,997,997	99.98%	\$ 0	\$ 39,992,660	(5,337)	0.09%	23
US Treasury Notes	7.60	516,707,848	102.06	4,389,747	525,601,402	8,893,554	1.64	404
FNMA Discount Notes	5.52	381,991,816	99.91	0	381,890,459	(101,357)	0.15	161
Federal Farm Credit Bank Notes	4.00	276,043,008	100.20	1,338,600	276,773,714	730,706	1.52	1,020
Federal Farm Credit Bank Disc Notes	7.79	539,527,446	99.84	0	539,134,170	(393,276)	0.24	129
Federal Home Loan Bank Notes	7.85	539,721,560	101.17	1,519,263	543,177,874	3,456,314	1.67	932
Federal Home Loan Bank Disc Notes	2.13	147,178,407	99.93	0	147,083,481	(94,925)	0.19	19
Federal Home Loan Mortg. Corp. Disc Notes	8.68	600,672,852	99.93	0	600,471,836	(201,016)	0.17	93
Federal Home Loan Mortg. Corp. Notes	4.71	323,064,217	101.98	2,334,858	325,652,811	2,588,594	1.79	804
Fannie Mae	16.00	1,104,890,412	100.79	4,587,971	1,106,633,881	1,743,469	1.60	1,003
Corporate Medium Term Notes	0.38	25,224,971	103.86	256,528	25,964,850	739,879	4.04	298
Bond Fund	0.51	35,000,000	100.30	38,871	35,105,105	105,105	0.58	431
Money Market Funds	0.94	64,905,000	100.00	4,488	64,905,000	0	0.01	33
Repurchase Agreements	2.54	175,955,002	100.00	1,461	175,955,002	0	0.15	2
Negotiable Certificates of Deposit	3.61	250,000,000	100.00	42,535	250,000,000	0	0.17	23
Commercial Paper	26.36	1,823,460,413	99.97	0	1,823,146,597	(313,816)	0.19	23
Collateralized/FDIC Certificates of Deposit	0.80	55,161,000	100.00	13,320	55,161,000	0	0.45	143
Totals for April 2011	100.00%	\$6,899,501,949	100.45%	\$14,527,642	\$6,916,649,842	\$17,147,894	0.78	382
Totals for March 2011	100.00%	\$6,142,044,838	100.41%	\$16,402,272	\$6,151,223,538	\$ 9,178,700	0.89	425
Change From Prior Month		\$ 757,457,111	0.04%	(\$ 1,874,630)	\$ 765,426,304	\$ 7,969,194	(0.11%)	(43)
Portfolio Effective Duration	0.600 years							

	April Return	Annualized	Fiscal Year to Date Return	Annualized	Calendar Year to Date Return	Annualized
Book Value	0.053%	0.647%	0.675%	0.811%	0.235%	0.715%
Market Value	0.050%	0.611%	0.610%	0.733%	0.215%	0.655%

Source: The County.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS

Article XIII A

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under ‘full cash value,’ or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the Assessor. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition; and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the school district or community college district, but only if certain accountability measures are included in the proposition.

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The County is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In June 1990, the voters through their approval of Proposition 111 amended Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, special district, authority or other political subdivision of the State (e.g. local governments) to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by or for the State, exclusive of certain State subventions for the use and operation of local government, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity of local government include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity and refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments.

Article XIII B includes a requirement pursuant to which fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the State Constitution. In addition, fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, Article XIII B includes a requirement that all revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit for the County in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County’s option, either (i) the percentage change in California per capita personal income from the preceding fiscal year, or (ii) the percentage

change in the local assessment roll from the preceding fiscal year for the jurisdiction due to the addition of local nonresidential new construction. Pursuant to the Revenue and Taxation Code, the State's Department of Finance annually transmits to each city and each county an estimate of the percentage change in the population of the city or the county.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The Board of Supervisors adopted the annual appropriation limit for Fiscal Year 2010-11 of approximately \$3.9 billion. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. Based on the Fiscal Year 2010-11 Adopted Budget, the funds subject to limitation total approximately \$1.3 billion (total General Operating Budget minus non-proceeds of taxes and debt service) and are approximately \$2.6 billion below the Article XIII B limit.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 62

Proposition 62 was adopted by the California voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the County be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes imposed for specific purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) required that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, was invalid without the required two-thirds voter approval. The decision did not address the question of whether or not it should be applied retroactively.

Following the California Supreme Court's decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers*

Association v. City of La Habra, et al. (“La Habra”). In this case, the court held that public agency’s continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. The portion of the County’s taxes subject to Proposition 62, including the County’s transient occupancy tax, is in compliance with Proposition 62 requirements.

Proposition 218

On November 5, 1996, the California voters approved Proposition 218, a constitutional initiative entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions limiting the ability of local governments, including the County, to impose and collect both existing and future taxes, assessments, fees and charges. The County is unable to predict whether and to what extent Proposition 218 may be held to be constitutional or how its terms will be interpreted and applied by the courts. Proposition 218 could substantially restrict the County’s ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County’s costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal local taxes, assessments, fees and charges. However, other than any impact resulting from the exercise of this initiative power, the County does not presently believe that the potential impact on the financial condition of the County as a result of the provisions of Proposition 218 will adversely affect the County’s ability to pay principal of and interest on the Notes and perform its other obligations as and when due.

Article XIII C requires that all new, extended, or increased local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the County require a majority vote of the electorate and taxes for specific purposes, even if deposited in the County’s General Fund, require a two-thirds vote of the electorate. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to impose, extend or increase such taxes in the future to meet increased expenditure requirements.

Article XIII C also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power is not limited by the terms of Proposition 218 to local taxes, assessments, fees or charges imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges.

The repeal of local taxes, assessments, fees or charges could be challenged as a violation of the prohibition against impairing contracts under the contract clause of the United States Constitution. Subsequent to the amendment of Article XIII C, the State Legislature approved SB 919 (the “Proposition 218 Omnibus Implementation Act”), which directed that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that are or will be deposited into the County’s General Fund. Further, “fees” and “charges” are not defined in Article XIII C or Proposition 218 Omnibus Implementation Act, and it is unclear whether these terms are intended to

have the same meanings for purposes of Article XIII C as they do in Article XIII D, as described below. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The initiative power granted under Article XIII C, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property related. The County is unable to predict whether the courts will interpret the initiative provision to be limited to property related fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County's General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges which may be subject to the provisions of Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected. As a result, there can be no assurances that the County would be able to pay the principal of and interest on the Notes as and when due or any of its other obligations payable from the County General Fund.

Article XIII D added several requirements that generally made it more difficult for local agencies, such as the County, to levy and maintain "assessments" for municipal services and programs. "Assessment" is defined in Proposition 218 and the Proposition 218 Omnibus Implementation Act (as enacted in Government Code Section 53750) to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Article XIII D may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to pay the principal of and interest on the Notes, as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the assessments that presently finance them are reduced or repealed.

Article XIII D also adds several provisions affecting "fees" and "charges" which are defined as "any levy other than an *ad valorem* tax, a special tax, or an assessment, imposed by an agency [subdivision (a) of Section 2 of Article XIII D defines an agency as any local government as defined in subdivision (b) of Section 1 of Article XIII C] upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service." All new fees and charges and, after June 30, 1997, all existing property related fees and charges that are extended, imposed or increased must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire, ambulance or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase of such property-related fee or charge, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the County, two-thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are

received by the County and deposited into its General Fund which may be considered to be property related fees and charges under Article XIII D of Proposition 218 is not substantial. Accordingly, the County does not presently anticipate that any impact Article XIII D may have on future fees and charges will adversely affect the ability of the County to pay the principal of and interest on the Notes as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services to avoid new costs for the County General Fund in the event the fees and charges that presently finance them are reduced or repealed.

The County has a clean water enterprise fund which is self-supporting from fees and charges that may ultimately be determined to be property related for purposes of Article XIII D of Proposition 218. Further, the fees and charges of the County's enterprise funds, including those which are not property related for purposes of Article XIII D of Proposition 218, may be determined to be fees and charges subject to the initiative power as provided in Article XIII C of Proposition 218, as described above. In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the County may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would amend and supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

Proposition 1A

Proposition 1A ("Proposition 1A"), proposed by the Legislature as a Senate Constitutional Amendment in connection with the 2004-05 Budget Act and approved by California voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See "– Proposition 22" below.

Proposition 22

Proposition 22 ("Proposition 22"), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel

tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See "– Proposition 1A" herein. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO anticipates that Proposition 22 will require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need. The County does not believe that the adoption of Proposition 22 will have a significant impact on its revenues and expenditures during Fiscal Year 2011-12.

Proposition 26

Proposition 26 ("Proposition 26"), which was approved by California voters on November 2, 2010, revises the California Constitution to expand the definition of "taxes." Proposition 26 re-categorizes many State and local fees as taxes and specifies a requirement of two-thirds voter approval for taxes levied by local governments.

Proposition 26 requires the State obtain the approval of two-thirds of both houses of the State Legislature for any proposed change in State statutes, which would result in any taxpayer paying a higher tax. Proposition 26 eliminates the previous practice whereby a tax increase coupled with a tax reduction that resulted in an overall neutral fiscal effect was subject only to a majority vote in the State Legislature. Furthermore, pursuant to Proposition 26, any increase in a fee above the amount needed to provide the specific service or benefit is deemed to be a tax and the approval thereof will require such two-thirds vote of approval to be effective. In addition, for State imposed fees and charges, any fee or charge adopted after January 1, 2010 with a majority vote of approval of the State Legislature which would have required a two-thirds vote of approval of the State Legislature if Proposition 26 were effective at the time of such adoption is repealed as of November 2011 absent the re-adoption by the requisite two-thirds vote.

Proposition 26 amends Article XIII C of the State Constitution to state that a "tax" means a levy, charge or exaction of any kind imposed by a local government, except (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property or the purchase rental or

lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (6) a charge imposed as a condition of property development; or (7) assessments and property related fees imposed in accordance with the provisions of Proposition 218. See “– Proposition 218”) herein.

Proposition 26 applies to any levy, charge or exaction imposed, increased, or extended by local government on or after November 3, 2010, unless exempted, as stated above. Accordingly, fees adopted prior to that date are not subject to the measure until they are increased or extended or if it is determined that an exemption applies. As of the date hereof, none of the County’s fees or charges has been challenged in a court of law in connection with the requirements of Proposition 26.

If the local government specifies how the funds from a proposed local tax are to be used, the approval will be subject to a two-thirds voter requirement. If the local government does not specify how the funds from a proposed local tax are to be used, the approval will be subject to a fifty percent voter requirement. Proposed local government fees that are not subject to Proposition 26 generally are subject to the approval of a majority of the governing body. In general, proposed property charges will be subject to a majority vote of approval by the governing body although certain proposed property charges will also require approval by a majority of the affected property owners.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, Proposition 111, Proposition 1A, Proposition 62, Proposition 22, and Proposition 26 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, further affecting revenues of the County or the County’s ability to expend revenues. The nature and impact of these measures cannot be predicted by the County.

STATE OF CALIFORNIA BUDGET INFORMATION AND FEDERAL STIMULUS INFORMATION

State of California Budget Information

The following information concerning the State’s budgets has been obtained from publicly available information which the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the State Budget is regularly available at various State-maintained websites. Text of the State budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading “California Budget.” An impartial analysis of the State’s budget is posted by the Legislative Analyst’s Office (the “LAO”) at www.lao.ca.gov. In addition, certain State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov and the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System, emma.msrb.org. The information referred to on the website of the State Treasurer is prepared by the State and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet address of the State Treasurer or for the accuracy, if any, or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2010-11

State Budget for Fiscal Year 2010-11. On October 8, 2010, the prior Governor signed the Fiscal Year 2010-11 State Budget Act to address a then-projected \$19.3 billion shortfall in revenues. The Fiscal

Year 2010-11 State Budget Act estimates Fiscal Year 2009-10 revenues and transfers of \$86.92 billion, total expenditures of \$86.35 billion and a year-end deficit of \$4.80 billion, which included a negative \$5.38 billion prior-year State General Fund balance, \$6.34 billion withdrawal from the reserve for economic uncertainties and an allocation of \$1.54 billion to the reserve for the liquidation of encumbrances. The Fiscal Year 2010-11 State Budget Act projects 2010-11 revenues and transfers of \$94.23 billion, total expenditures of \$86.55 billion and a year-end surplus of \$2.87 billion (net of the \$4.80 billion deficit from Fiscal Year 2009-10), of which \$1.54 billion is budgeted to be reserved for the liquidation of encumbrances and \$1.34 billion is budgeted to be deposited in a reserve for economic uncertainties.

The 2010-11 State Budget approves placement of a constitutional amendment on the State's reserve funds on the March 2012 ballot. If that ballot measure were approved by California voters, the State would increase the maximum size of its Budget Stabilization Account from five percent to ten percent of annual State General Fund revenues and provide new requirements for depositing State funds into the Budget Stabilization Account. If the ballot measure were approved, the law would further restrict the State's ability to withdraw funds from its reserves.

Certain of the features of the Fiscal Year 2010-11 State Budget Act affecting counties in the State include the following:

1. The Fiscal Year 2010-11 State Budget Act includes a \$187.1 million General Fund decrease in funding resulting from the enrollment of seniors and people with disabilities in managed care and deferring a managed care payment for "two-plan" and geographic managed care counties.
2. The Fiscal Year 2010-11 State Budget Act includes a \$84.5 million General Fund funding decrease resulting from freezing daily per diem hospital inpatient rates at existing levels.
3. The Fiscal Year 2010-11 State Budget Act includes a \$365.9 million funding decrease from utilization of an advance of Temporary Assistance for Needy Families Block Grant funds for the quarter ending June 30, 2011 in lieu of General Fund.
4. The Fiscal Year 2010-11 State Budget Act includes a \$300 million decrease in funding for In-Home Supportive Services ("IHSS") consisting of (1) using IHSS provider-generated revenue to draw down additional federal funds and offset General Fund expenditures in the program (\$190 million), (2) imposing a 3.6% across-the-board reduction to the hours assessed for IHSS recipients (\$35 million) and (3) reflecting an updated caseload estimate based on an actual decline in recipients as compared to the previous caseload projection (\$75 million).
5. The Fiscal Year 2010-11 State Budget Act includes approximately \$162.4 million funding decrease as a result of maintaining the level of Child Welfare Services program funding at Fiscal Year 2009-10 budgeted levels, eliminating State funding for the Seriously Emotionally disturbed portion of the Foster Care program and reducing the reimbursement rates for license-exempt child care providers.
6. The Fiscal Year 2010-11 State Budget Act includes a one-time reduction of \$365 million resulting from the suspension of most mandates not related to elections, law enforcement and property taxes.

Fiscal Year 2010-11 LAO Budget Overview. On October 8, 2010, the LAO released a report entitled "Major Features of the Legislature's 2010-11 Budget" (the "Fiscal Year 2010-11 LAO Budget Overview"), which provides an analysis by the LAO of the Fiscal Year 2010-11 State Budget Act. The 2010 11 LAO Budget Overview is available on the LAO website at www.lao.ca.gov. Information on the

website is not incorporated herein by reference. The Fiscal Year 2010-11 LAO Budget Overview states that more than two-third's of the budget solutions contained State Legislature's budget for 2010-11 are one-time or temporary in nature. Accordingly, the LAO cautions that the State will continue to face sizable annual budget problems in Fiscal Year 2011-12 and thereafter.

Fiscal Year 2011-12 LAO Fiscal Outlook. On November 10, 2010, the LAO released a report entitled "The 2011-12 Budget: California's Fiscal Outlook", which updates the LAO's forecast of the State's General Fund revenues and expenditures. The LAO projects that, absent corrective action, the State will have a budget deficit of approximately \$25.4 billion at the end of Fiscal Year 2011-12 (inclusive of a budget deficit of \$6 billion at the end of Fiscal Year 2010-11) and budget deficits of approximately \$20 billion per fiscal year through Fiscal Year 2015-16. The LAO notes that the Fiscal Year 2010-11 State Budget included \$4 billion in assumed federal funding that had not been approved at the time of its adoption, and projects that \$3.5 billion of such amount or flexibility granted by the federal government to State and local governments in connection with the operation of certain programs would not be received. The LAO cautions that a net \$3 billion of additional budget solutions will not be achieved and that Proposition 22, an initiative that was approved by California voters in November 2010, will reduce State General Fund solutions by approximately \$800 million. In order to address the State's structural budget deficit, the LAO recommends the State take a multi-year approach and minimize the use of risky budgetary measures that it believes contribute to fiscal year-end deficits. The LAO further recommends that the State Legislature consider revenue policies including, among other things, tax expenditure programs such as special credits, deductions and exemptions, increasing charges for program beneficiaries, extending certain temporary tax increases, and reconsidering the optional single sales factor for multistate companies. According to the LAO, the approval of permanent actions and certain temporary budget solutions could eliminate the State's structural deficit and allow the State to build reserves to address the next economic downturn and any long-term fiscal liabilities.

State Budget for Fiscal Year 2011-12

Proposed State Budget for Fiscal Year 2011-12. On January 10, 2011, Governor Brown released his Fiscal Year 2011-12 Proposed Budget (the "Fiscal Year 2011-12 Proposed State Budget"), which projects an estimated \$8.2 billion budget deficit for Fiscal Year 2010-11 and a \$17.2 billion budget deficit in Fiscal Year 2011-12 absent corrective action.

The Fiscal Year 2011-12 Proposed State Budget includes proposals to (i) reduce expenditures by \$400 million in Fiscal Year 2010-11 and \$12.1 billion in Fiscal Year 2011-12, (ii) generate an additional \$3.0 billion in revenues for Fiscal Year 2010-11 and \$12.0 billion in revenues for Fiscal Year 2011-12 by extending four temporary tax increases, subject to approval by the State Legislature and California voters, and shifting funding and responsibility for certain services to local governments, and (iii) borrow \$1.9 billion from special funds and other sources. Assuming the Governor's proposals are approved by the State Legislature and California voters, the Fiscal Year 2011-12 Proposed State Budget estimates a Fiscal Year 2010-11 budget deficit of \$4.1 billion (inclusive of \$770 million of encumbrances) and projects State General Fund revenues and transfers for Fiscal Year 2011-12 of \$89.7 billion (a decrease of approximately 4.8 percent from the projected revenues and transfers for Fiscal Year 2010-11) and State General Fund expenditures of \$84.6 billion (a decrease of approximately 8.2 percent from the projected expenditures for Fiscal Year 2010-11). With an anticipated operating surplus of \$5.1 billion, the Fiscal Year 2011-12 Proposed State Budget projects ending Fiscal Year 2011-12 with a State General Fund balance of \$1.7 billion, of which \$770 million will be reserved for the liquidation of encumbrances and \$955 million will be deposited in a reserve for economic uncertainties.

Approximately \$12 billion of the additional revenues included in the Fiscal Year 2011-12 Proposed State Budget depends on the State Legislature approving a special election in June 2011 and

approval by California voters at such special election of: (i) a constitutional measure to extend certain temporary tax increases by another five years and to dedicate two of these revenues to realignment and (ii) a measure to change the Children and Family Act of 1998 ("Proposition 10") to allow a portion of the funds to be used in the Medi-Cal Program. The Governor proposed an accelerated budget process with a target date of March 1, 2011 to put in place all of the enabling legislation necessary to implement the budget proposals, which was not met. The State Legislature and the Governor have not approved the proposed June 2011 election as of the date hereof. The Governor and the State Legislature are continuing discussions to permit finalizing action on the budget bill prior to the Legislature's June 15 constitutional deadline for adopting a balanced State budget and allow for the incorporation of any updated May Revision forecasts and the results of the special election, if any.

Certain of the features of the Fiscal Year 2011-12 Proposed State Budget affecting counties in the State include the following:

1. The Fiscal Year 2011-12 Proposed State Budget proposes to realign government services, returning authority and responsibility for certain of those services to counties, cities, special districts and school districts. While the details of the realignment remain unclear, complete implementation of the realignment is expected to restructure over \$10 billion in a wide range of public services. The first phase of the process is proposed for Fiscal Year 2011-12 and would restructure over \$5.9 billion in public services. The first phase includes realigning public safety services, fire protection services and medical emergency response in highly populated areas, transferring funding and responsibility for court security to counties, transferring to counties the responsibility for low-level offenders, the adult parole program, and juvenile offenders beginning July 1, 2014, shifting responsibility and funding (including \$0.9 billion in the Mental Health Services Act ("Proposition 63") amounts) for certain mental health programs to counties, shifting substance use disorder treatment funds and services to counties, transferring the primary program responsibility for child welfare services to counties and realigning the adult protective services program to counties.

2. The Fiscal Year 2011-12 Proposed State Budget proposes to eliminate redevelopment agencies effective July 1, 2011, remove the State's financial commitment therefor and provide new local authority to dedicate resources to local projects. The Governor estimates that, after payment of redevelopment agency debts and contractual obligations, \$3 billion in tax increment will be allocated in the following amounts: (i) \$1.1 billion to school districts and other local agencies pursuant to current laws that require redevelopment agencies to "pass through" some of their funds to such local agencies; (ii) \$840 million to Medi-Cal; (iii) \$860 million to trial courts; and (iv) \$210 million to cities, counties and special districts in proportion to their current property tax shares.

3. The Fiscal Year 2011-12 Proposed State Budget proposes to eliminate enterprise zone incentives and similar tax incentives for specific areas for tax years beginning on or after January 1, 2011 to provide to the State \$343 million additional revenues in Fiscal Year 2010-11 and \$581 million additional revenues in Fiscal Year 2011-12.

4. The Fiscal Year 2011-12 Proposed State Budget includes a \$1.7 billion reduction in funding to Medi-Cal, which is proposed to be achieved through limitations on the number of prescriptions and doctor visits, increases in the co-payments for services (subject to a change in State law and receipt of a federal waiver), caps on the annual benefit levels for certain services and equipment, elimination of certain over-the-counter medications and supplements, elimination of the Adult Day Health Care program, reductions in State payments to certain health care providers and facilities, and a shift of \$1 billion in Proposition 10 funding (subject to California voter approval) from the State and local commission to fund Medi-Cal services for children up to age five.

5. The Fiscal Year 2011-12 Proposed State Budget includes a \$1.5 billion reduction in State and federal funding to CalWORKs, which is proposed to be achieved through a reduction in the time limit for receipt of CalWORKs benefits, a reduction in the maximum monthly grant for certain families, the maintenance of the CalWORKs single allocation funding levels at 2009 and 2010 budget levels and a reduction in the eligible age for subsidized child care services.

6. The Fiscal Year 2011-12 Proposed State Budget proposes to reduce monthly State supplemental payment grants for individuals to the federally required minimum, which is projected to result in a \$14.7 million funding reduction in Fiscal Year 2010-11 and a \$177.3 million funding reduction in Fiscal Year 2011-12.

7. The Fiscal Year 2011-12 Proposed State Budget includes funding reductions to the IHSS program through implementation of an 8.4 percent reduction to the assessed hours for all IHSS recipients (reducing State General Fund funding by \$127.5 million in Fiscal Year 2011-12), the elimination of domestic and related services for certain consumers (reducing State General Fund funding by \$236.6 million in Fiscal Year 2011-12), the conditioning of services upon a physician's written certification (reducing State General Fund funding by \$120.5 million in Fiscal Year 2011-12) and the elimination of the mandate for counties to establish advisory committees (reducing State General Fund funding by \$1.6 million in Fiscal Year 2011-12).

8. The Fiscal Year 2011-12 Proposed State Budget proposes to suspend most mandates not related to elections or law enforcement, fund the AB 3632 mandate (provision of mental health services to special education pupils) on counties through Proposition 63 funds, and defer the annual payment to counties for pre-2004 mandate obligations, as has been done for the past several years.

LAO Analysis of the Fiscal Year 2011-12 Proposed State Budget. On January 12, 2011, the LAO released a report entitled "The 2011-12 Budget: Overview of the Governor's Budget" (the "Fiscal Year 2011-12 LAO Budget Overview"), which provides an analysis by the LAO of the 2011-12 Proposed State Budget. Information on the website is not incorporated herein by reference. The Fiscal Year 2011-12 LAO Budget Overview states that the 2011-12 Proposed State Budget provides a reasonable estimate of the size of the budget problem that must be addressed prior to passage of a 2011-12 budget package and includes many significant ongoing program reductions that touch nearly every area of the State budget, although the Governor's estimated savings may be optimistic in certain key program areas. The LAO Budget Overview also states that the 2011-12 Proposed State Budget is heavily focused on multiyear and ongoing solutions that would contribute to eliminating the State's persistent budget gap, although the LAO's early assessment of the longer-term effects of the Governor's budget is somewhat less favorable than the administration's.

The Fiscal Year 2011-12 LAO Budget Overview notes that the proposed realignment of state and local program responsibilities and funding has "much merit" and the proposed elimination of redevelopment agencies "makes sense", and provides several other proposals for legislative consideration. The Fiscal Year 2011-12 LAO Budget Overview notes that the 2011-12 Proposed State Budget contained significant risks in its projections and schedule of implementation stemming from the considerable work required of the State Legislature to implement some of the Governor's proposals, such as the aforementioned realignment and redevelopment agency proposals, which would require the State to address numerous legal, financial, and policy issues. The Fiscal Year 2011-12 LAO Budget Overview further notes that if voters reject some or all of the budget proposals to be included in the June 2011 special election, the State Legislature would need to promptly enact an additional \$12 billion in cuts or alternative revenue solutions prior to the start of the new fiscal year in July 2011.

See “County Financial Information – County’s Fiscal Year 2010-11 Adopted Budget and the Operational Plan – Impact of the Governor’s Fiscal Year 2011-12 Proposed Budget on the County’s Fiscal Year 2011-12 Proposed Budget” for a description of certain subsequent actions of the State Legislature and the Governor.

May Revision to the Fiscal Year 2011-12 Proposed State Budget. On May 16, 2011, the Governor released the May Revision. After accounting for budgetary actions adopted by the State Legislature, higher than expected revenues and updated expenditure projections, the May Revision projects a budget deficit of \$9.6 billion through Fiscal Year 2011-12, consisting of a \$4.8 billion deficit for Fiscal Year 2010-11 and a \$4.8 billion deficit for Fiscal Year 2011-12. The May Revision proposes \$10.8 billion in budgetary actions to address the projected budgetary shortfall and provide for a reserve of \$1.2 billion. Similar to the Fiscal Year 2011-12 Proposed State Budget, the May Revision proposes to address the State’s deficits through realignment of certain State and local government responsibilities and funding such realignment with proceeds of certain temporary tax extensions, subject to voter approval. The May Revision also proposes to reduce State government, repay the State’s budgetary borrowings and create business incentives. Assuming adoption of the proposals set forth in the May Revision, it is estimated that the State will end Fiscal Year 2010-11 with revenues and transfers of \$95.740 billion, total expenditures of \$91.566 billion and a year-end deficit of \$2.776 billion, which includes a \$6.950 billion prior-year State General Fund deficit and an allocation of \$770 million to the reserve for the liquidation of encumbrances. The May Revision projects Fiscal Year 2011-12 revenues and transfers of \$93.623 billion, total expenditures of \$88.803 billion and a year-end surplus of \$2.044 billion (net of the \$2.776 billion deficit from Fiscal Year 2010-11), of which \$770 million will be reserved for the liquidation of encumbrances and \$1.274 billion will be deposited in a reserve for economic uncertainties. The May Revision indicates that the return to pre-recession economic conditions will be slow and steady.

The May Revision also sets forth the types of reductions that would be necessary should the revenue generating proposals set forth therein fail to pass, including suspension of the Proposition 98 minimum guarantee and large budgetary reductions for education, further reduced funding for public safety programs, the courts system and fire prevention and protection, and additional reductions to health and human services through reduced CalWORKs grants, elimination of services for many IHSS recipients, capping Medi-Cal coverage and greater cuts to developmental services.

Features of the May Revision affecting the counties in general include, but are not limited to, the following:

1. The May Revision continues to propose the realignment of State and local government responsibilities set forth in the Fiscal Year 2011-12 Proposed State Budget, with certain programmatic and fiscal adjustments to reflect caseload changes and modifications to certain responsibilities, such as shifting the funding (\$221.8 million) and responsibility for mental health and services for special education pupils from counties to school districts. The May Revision continues to propose funding for the realignment through temporary extensions of certain taxes, subject to voter approval.

2. Subject to a statutory change, the May Revision proposes to transition children enrolled in the Healthy Families Program into the Medi-Cal program, which is expected to result in \$31.2 million State General savings with no projected loss of health care.

3. The May Revision proposes to increase funding for Medi-Cal programs, including the restoration of \$1 billion in State General Fund funding and adjustments to the Medi-Cal base to reflect managed care cost increases of \$66.3 million in 2010-11 and \$122.2 million in 2011-12. However, the May Revision also proposes to assess a 20% fee on intergovernmental transfers used by counties that operate Medi-Cal managed care plans.

4. The May Revision proposes no cuts in services to the CalWORKs, IHSS and Supplemental Security Income/State Supplemental Payment (“SSI/SSP”) programs beyond those already adopted by the State Legislature, which included reducing the time limit on CalWORKs aid, reducing monthly CalWORKs grants and reducing SSI/SSP payments to adults down to the federal minimum. However, due to caseload adjustments, the May Revision proposes increasing CalWORKs funding by \$14 million in Fiscal Year 2010-11 and approximately \$80 million in Fiscal Year 2011-12 and decreasing IHSS funding by \$6.9 million in Fiscal Year 2010-11 and \$7 million in Fiscal Year 2011-12.

5. The May Revision proposes full funding for transportation consistent with the transportation tax swap enacted in 2010, pursuant to which the gasoline sales tax revenue inuring to local governments was replaced with an equal amount of revenues from the Highway User Tax Account (“HUTA”). It is estimated that counties will receive approximately \$387.9 million in new HUTA revenues in Fiscal Year 2011-12.

6. The May Revision continues to propose the elimination of redevelopment agencies. However, the May Revision proposes to reform rather than eliminate enterprise zones.

7. The May Revision includes \$44.6 million to counties to fund costs associated with local jurisdiction of lower-level offenders and parole violators.

LAO May Overview of the May Revision. On May 19, 2011, the LAO released an analysis of the May Revision to the Fiscal Year 2011-12 Proposed State Budget entitled “The 2011-12 Budget: Overview of the May Revision” (the “LAO May Overview”). The LAO May Overview states that the estimates included in the May Revision are reasonable, noting that while the temporary nature of the major tax proposals raises longer-term issues, the budget plan would achieve the goal of bringing annual spending and resources much closer in line over the next five years. The LAO May Overview projects that General Fund revenues through Fiscal Years 2010-11 and 2011-12 will be \$59 million higher than the Governor’s projections. However, the LAO May Overview cautions that it projects, absent corrective action, revenues and transfers would be \$2 billion or more lower than the Governor’s projections in Fiscal Years 2012-13 through 2014-15. Further, the LAO May Overview states that the election contingency included in the May Revision and the failure to specify a date for such election (provided a ballot measure is approved) creates enormous uncertainty for the State and local governments, including with respect to the realignment proposal and funding therefor, and queries the effectiveness of certain proposals, including extension of the sales and personal income tax rates and modification of enterprise zone hiring credits. The LAO May Overview advises the State Legislature to evaluate its spectrum of options, including adoption of some of the Governor’s revenue proposals, consideration of other revenue proposals, additional program reductions and selected fund transfers and internal borrowing. The LAO May Overview also advises the State Legislature to maximize the amount of ongoing solutions, prioritize tax proposals, potentially by giving the highest priority to tax provisions that eliminate distortions among taxpayers or provisions without persuasive evidence on effectiveness and giving the next priority to proposals that achieve a desired tax policy objective, provide as much budgetary certainty as possible and incorporate the Governor’s focus on the State’s large fiscal obligations in its budgetary deliberations.

Future State Budgets

The County receives a significant portion of its funding from the State. Changes in the revenues received by the State can affect the amount of funding, if any, to be received from the State by the County and other counties in the State.

The County cannot predict the extent of the budgetary problems the State will encounter in this Fiscal Year or in any future fiscal years, and, it is not clear what measures would be taken by the State to

balance its budget, as required by law. In addition, the County cannot predict the final outcome of current and future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the County has no control. See “County Financial Information – County’s 2010-11 Adopted Budget and the Operational Plan” herein.

Federal Stimulus Information

As of March 14, 2011, the County had received 41 awards pursuant to ARRA, totaling approximately \$119.7 million in ARRA funds. Details of the awards and programs benefitting from the awards may be found on the County’s website at <http://www.recoverysdcounty.org>. Information on the referenced website is not incorporated herein by reference. The County has established an Economic Stimulus Team composed of key stakeholders across the County to address the accountability, compliance, and reporting provisions of the ARRA. The Economic Stimulus Team has performed a comprehensive review of County policies and procedures to ensure that internal controls capture best practices in the areas of grant accountability, fraud prevention and contract management and that staff responsible for managing ARRA funds receive adequate training to reinforce these best practices.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

San Diego County is the southernmost major metropolitan area in the State. San Diego County covers 4,261 square miles, extending 75 miles along the Pacific Coast from the Mexican border to Orange County, and inland 75 miles to Imperial County. Riverside and Orange counties form the northern boundary. San Diego County is approximately the size of the State of Connecticut.

Topography of San Diego County varies from broad coastal plains and fertile inland valleys to mountain ranges in the east which rise to an elevation of 6,500 feet. Eastern slopes of these mountains form the rim of the Anza-Borrego Desert and the Imperial Valley. The Cleveland National Forest occupies much of the interior portion of San Diego County. The climate is equable in the coastal and valley regions where most of the population and resources are located. The average annual rainfall in the coastal areas is approximately 10 inches.

San Diego County possesses a diverse economic base consisting of a significant manufacturing presence in the fields of electronics and shipbuilding, a large tourist industry attracted by the favorable climate of the region, and a considerable defense-related presence.

PETCO Park, located in the City of San Diego, provides a 42,000 fixed seat baseball stadium for the San Diego Padres. PETCO Park is located in a 26-block neighborhood that contains existing and proposed hotels, office space, retail and housing units within walking distance from the San Diego Convention Center and the Gaslamp Quarter. The baseball stadium is also within walking distance of a Trolley station and nearby parking facilities.

The San Diego Convention Center includes 2.6 million total gross square feet and plans are in progress to expand the Convention Center into the nearby bayfront area. The Convention Center generated approximately \$1.27 billion in fiscal year 2009-10 in total economic impact (direct and indirect spending).

San Diego County is also growing as a major center for culture and education. More than 30 recognized art organizations, including the San Diego Opera, the Old Globe Theatre productions, the La Jolla Chamber Orchestra, as well as museums and art galleries, are located in San Diego County. Higher education is provided through five two-year colleges and six four-year colleges and universities.

In addition to the City of San Diego, other principal cities in San Diego County include Carlsbad, Chula Vista, Oceanside, El Cajon, Escondido, La Mesa and National City. Most County residents live within 20 miles of the coast. Farther inland are agricultural areas, principally planted in avocados and tomatoes, while the easternmost portion of San Diego County has a dry, desert-like topography.

The County is the delivery system for federal, state and local programs. The County provides a wide range of services to its residents including: (1) regional services such as courts, probation, medical examiner, jails, elections and public health; (2) health, welfare and human services such as mental health, senior citizen and child welfare services; (3) basic local services such as planning, parks, libraries and Sheriff's patrol to the unincorporated area, and law enforcement and libraries by contract to incorporated cities; and (4) infrastructure such as roads, waste disposal and flood control to the unincorporated area of the County. For information on County governance, see "THE COUNTY – GENERAL" herein.

Population

There are 18 incorporated cities in San Diego County, and several unincorporated communities. Table 22 below sets forth the population in San Diego County, the State and the United States for the years 2001 to 2010.

TABLE 22
POPULATION ESTIMATES
(In Thousands)
(Calendar Years 2001-2010)

Year	San Diego County⁽¹⁾	Percent Change	State of California⁽¹⁾	Percent Change	United States⁽²⁾	Percent Change
2001	2,864	1.78% ⁽³⁾	34,431	1.65% ⁽³⁾	285,082	1.03% ⁽⁴⁾
2002	2,921	1.99	35,064	1.84	287,804	0.95
2003	2,971	1.71	35,653	1.68	290,326	0.88
2004	3,010	1.31	36,199	1.53	293,046	0.94
2005	3,039	0.96	36,677	1.32	295,753	0.92
2006	3,065	0.86	37,087	1.12	298,593	0.96
2007	3,097	1.04	37,464	1.02	301,580	1.00
2008	3,142	1.45	37,872	1.09	304,375	0.93
2009	3,185	1.37	38,256	1.01	307,007	0.86
2010	3,224 ⁽⁵⁾	1.22	38,648 ⁽⁵⁾	1.02	N/A	N/A

Sources: County and State Data – State of California Department of Finance, 2000 Benchmark; National Data – U.S. Bureau of the Census, Annual Population Estimates.

(1) As of January 1 of the year shown. Reflects revised estimates as of May, 2010.

(2) As of July 1 of the year shown.

(3) Percentage change from population benchmark for April 1, 2000.

(4) Percentage change from population benchmark for July 1, 2000.

(5) Provisional estimate.

Employment

Table 23 below sets forth information regarding the size of the civilian labor force, employment and unemployment rates for San Diego County, the State and the United States for 2006 through 2010.

TABLE 23
CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
ANNUAL AVERAGES 2006-2010⁽¹⁾⁽²⁾
By Place of Residence
(In Thousands)

	2006	2007	2008	2009	2010
San Diego County					
Labor Force	1,504.8	1,524.5	1,555.1	1,557.4	1,557.5
Employment	1,445.1	1,455.4	1,462.3	1,406.1	1,393.2
Unemployment	59.6	69.1	92.9	151.3	164.3
Unemployment Rate	4.0%	4.5%	6.0%	9.7%	10.6%
State of California					
Labor Force	17,686.7	17,928.7	18,191.0	18,204.2	18,176.2
Employment	16,821.3	16,970.2	16,883.4	16,141.5	15,916.3
Unemployment	865.4	958.5	1,307.6	2,067.2	2,259.9
Unemployment Rate	4.9%	5.3%	7.2%	11.3%	12.4%
United States					
Labor Force	151,428.0	153,124.0	154,287.0	154,142.0	153,889.0
Employment	144,427.0	146,047.0	145,362.0	139,877.0	139,064.0
Unemployment	7,001.0	7,078.0	8,924.0	14,265.0	14,825.0
Unemployment Rate	4.6%	4.6%	5.8%	9.3%	9.6%

Sources: County and State Data – California Employment Development Department; National Data – U.S. Department of Labor, Bureau of Labor Statistics.

⁽¹⁾ County and State Data – March 2010 benchmark, except for County data for 2006-2009, which reflects a March 2009 benchmark.

⁽²⁾ Data Not Seasonally Adjusted.

The State of California Employment Development Department, Labor Market Information Division (the “EDD”), preliminarily estimates that, on a seasonally unadjusted basis, the civilian labor force in the County in March 2011 was 1,563,000, of which approximately 159,000 persons were unemployed. Based on preliminary estimates of the EDD as of April 15, 2011, the County’s unemployment rate in March 2011 of 10.2%, on a seasonally unadjusted basis, was below that of the State at 12.3%.

Table 24 below sets forth the annual average employment within San Diego County by employment sector, other than farm industries, for 2006 through 2010. In 2010, the service providing sector constituted the largest non-farm employment sector in San Diego County, representing approximately 88% of all non-farm employment.

TABLE 24
SAN DIEGO COUNTY
NON-AGRICULTURAL LABOR FORCE AND INDUSTRY EMPLOYMENT
ANNUAL AVERAGES 2006-2010
(In Thousands)

	2006	2007	2008	2009	2010
Employment Sector					
Mining and Logging	0.5	0.4	0.4	0.4	0.4
Construction	92.7	87.0	76.1	61.1	55.5
Manufacturing	103.9	102.5	102.8	95.3	92.4
Trade, Transportation and Utilities	222.0	222.3	215.9	199.6	196.7
Information	31.7	31.3	31.4	28.2	25.2
Financial Activities	83.7	80.3	75.2	69.8	67.1
Professional and Business Services	219.2	223.2	222.3	206.8	208.0
Educational and Health Services	125.1	129.5	137.3	144.3	147.1
Leisure and Hospitality	156.5	161.8	164.0	154.8	154.6
Other Services	48.4	48.3	48.4	46.8	47.2
Government	217.9	222.4	225.1	224.5	226.0
Total ⁽¹⁾	<u>1,301.6</u>	<u>1,308.8</u>	<u>1,298.7</u>	<u>1,231.4</u>	<u>1,220.2</u>

Source: California Employment Development Department, March 2010 Benchmark.

⁽¹⁾ Reflects independent rounding.

Largest Employers

Table 25 below sets forth the ten largest employers in the County as of August 10, 2010.

TABLE 25
SAN DIEGO COUNTY
Ten Largest Employers
(As of August 10, 2010)

Employer	Description	Employees
Federal Government	Administration of federal functions, services and agencies	44,000
State Government	Administration of state functions, services and agencies	42,300
University of California San Diego	Higher education, research and health care	26,823
County of San Diego	Municipal and regional government services	15,527 ⁽¹⁾
Sharp HealthCare	Health care, hospitals, medical groups, health services and health plans	14,832
San Diego Unified School District	Public education	14,485
Scripps Health	Hospitals, medical offices, clinics and home health services	13,823
Qualcomm Inc.	Develops and delivers digital wireless communications products and services	11,847
City of San Diego	Municipal government public agency	10,470
Kaiser Permanente	Non-profit health maintenance hospital and outpatient medical, urgent care and medical offices	7,404

Source: San Diego Business Journal (October 2010).

⁽¹⁾ Employment figure as shown in Table 1 as of June 30, 2010.

Regional Economy

Table 26 below sets forth San Diego County's Gross Domestic Product, which is an estimate of the value for all goods and services produced in the region, from 2007 through 2011.

TABLE 26
SAN DIEGO COUNTY
GROSS DOMESTIC PRODUCT
2007-2011

Year	Gross Domestic Product (In Billions)	Annual Percent Change	
		Current Dollars San Diego	Constant Dollars* San Diego
2007	\$162.1	4.3%	1.7%
2008	169.3	4.4	2.6
2009 ⁽¹⁾	168.8	(0.3)	(1.3)
2010 ⁽²⁾	174.8	3.6	2.8
2011 ⁽²⁾	182.1	4.2	2.5

Sources: Bureau of Economic Analysis, U.S. Department of Commerce; National University System Institute for Policy Research; reflects data as of July 2010.

* Adjusted using the GMP/GSP/GDP implicit price deflator.

(1) Estimate.

(2) Forecast.

Economic activity and population growth in the local economy are closely related. Helping to sustain San Diego County's economy is the performance of three basic industries of the region, which consist of manufacturing, the military, and tourism. The U.S. Department of Defense contributes approximately \$10 billion annually to the local economy, through wages paid to the uniformed military and civilian personnel, and for equipment and services purchased from local businesses. San Diego's military presence is anticipated to remain relatively stable and may even increase due to the consolidation of military operations and facilities from elsewhere in California, the West, and throughout the United States.

Building Activity

Building permit valuation for both residential and non-residential construction in San Diego County in 2010 increased relative to 2009 levels by approximately 12%. Between 2009 and 2010, new single family housing unit permits increased by 24% while new multiple family housing unit permits decreased by 7%.

Table 27 below sets forth the annual total building permit valuation and the annual new housing permit total from 2006 through 2010.

TABLE 27
COUNTY OF SAN DIEGO
BUILDING PERMIT ACTIVITY
2006-2010
(In Thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Valuation:					
Residential	\$2,470,685	\$1,852,381	\$1,339,245	\$ 878,700	\$ 973,856
Non-Residential	<u>1,621,608</u>	<u>1,416,823</u>	<u>1,061,802</u>	<u>583,969</u>	<u>659,150</u>
Total	<u>\$4,092,293</u>	<u>\$3,269,204</u>	<u>\$2,401,047</u>	<u>\$ 1,462,669</u>	<u>\$ 1,633,006</u>
New Housing Units:					
Single Family	4,753	3,503	2,352	1,786	2,221
Multiple Family	6,024	3,942	2,802	1,204	1,121
Total	10,777	7,445	5,154	2,990	3,342

Source: Construction Industry Research Board.

Commercial Activity

Table 28 below sets forth information regarding taxable sales in San Diego County for calendar years 2004-2008. Table 29 below sets forth the taxable sales in the County for calendar year 2009. Due to a revision in the business categories used by the Board of Equalization, the data for calendar years 2007, 2008 and 2009 are not directly comparable to the data for prior years, with calendar year 2009 requiring a substantial change in presentation.

TABLE 28
SAN DIEGO COUNTY
TAXABLE SALES
2004-2008
(In Thousands)

Type of Business	2004	2005	2006	2007⁽¹⁾	2008⁽¹⁾
Apparel Stores	\$ 1,644,428	\$ 1,798,104	\$ 1,909,011	\$ 2,034,512	\$ 2,205,568
General Merchandise	5,204,962	5,406,091	5,594,621	5,673,538	5,305,252
Specialty Stores ⁽²⁾	4,541,225	4,728,028	4,926,656	--	--
Food Stores	1,736,610	1,858,152	1,928,274	1,994,237	1,868,466
Eating and Drinking Establishments	4,047,726	4,267,302	4,521,392	4,784,500	4,869,497
Home Furnishings/Appliances	1,549,482	1,566,046	1,511,389	1,420,933	1,590,329
Building Materials	3,341,105	3,376,009	3,331,161	2,768,385	2,183,006
Automotive ⁽³⁾	9,318,277	9,739,136	9,819,932	6,321,987	5,010,084
Service Stations ⁽³⁾	--	--	--	3,755,121	4,154,465
Other Retail Stores ⁽²⁾	961,645	1,045,927	1,076,631	5,285,332	4,529,006
Business and Personal Services	2,146,781	2,239,304	2,302,057	2,298,265	2,255,309
All Other Outlets	<u>9,978,097</u>	<u>10,655,372</u>	<u>10,914,390</u>	<u>11,149,178</u>	<u>11,358,155</u>
TOTAL ALL OUTLETS:	<u>\$ 44,470,338</u>	<u>\$ 46,679,471</u>	<u>\$ 47,835,514</u>	<u>\$47,485,988</u>	<u>\$ 45,329,136</u>

Source: California State Board of Equalization, Taxable Sales in California.

⁽¹⁾ In early 2007 the California State Board of Equalization began a process of converting business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change process, industry data for 2007 and 2008 are not comparable with data from prior years.

⁽²⁾ In 2007 and 2008, industry data for Specialty Stores were included in Other Retail Stores.

⁽³⁾ Prior to 2007, industry data for Service Stations were included in Automotive.

TABLE 29
SAN DIEGO COUNTY
TAXABLE SALES
Calendar Year 2009

<u>Type of Business</u>	<u>2009</u>
Retail and Food Services:	
Motor Vehicle and Parts Dealers	\$ 4,196,256
Furniture & Home Furnishings Stores	823,551
Electronics & Appliance Stores	1,200,897
Building Materials and Garden Equipment and Supplies	1,841,740
Food and Beverage Stores	1,934,812
Health & Personal Care Stores	732,221
Gasoline Stations	3,153,090
Clothing and Clothing Accessories Stores	2,560,683
Sporting Goods, Hobby, Book & Music Stores	989,236
General Merchandise Stores	4,254,037
Miscellaneous Store Retailers	1,405,774
Food Services and Drinking Places	4,717,292
Nonstore Retailers	148,931
Total Retail and Food Services	\$27,958,518
All Other Outlets	11,770,139
Totals All Outlets	<u>\$39,728,657</u>

Source: California State Board of Equalization, Taxable Sales in California.

Personal Income

Table 30 below sets forth the median household income for San Diego County, the State, and the United States between 2005 and 2009.

TABLE 30
MEDIAN HOUSEHOLD INCOME⁽¹⁾
2005 through 2009

<u>Year</u>	<u>San Diego County</u>	<u>California</u>	<u>United States</u>
2005	\$56,335	\$53,629	\$46,242
2006	59,591	56,645	48,451
2007	61,794	59,948	50,740
2008	63,026	61,021	52,029
2009	60,231	58,931	50,221

Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.

⁽¹⁾ Estimated. In Inflation-adjusted dollars.

Foreclosures; Notices of Loan Default

The number of foreclosures and notice of loan defaults issued in San Diego County increased between calendar years 2008 and 2009, and has since declined. For the three calendar years from 2005 through 2007, an average 23.0% of notices of loan default resulted in foreclosures. The percentage of notices of loan default resulting in foreclosures was 57.46% in 2008, 40.43% in 2009 and 54.23% in 2010. In 2008 an average of 16.94% of total deeds recorded were foreclosures. This percentage decreased to 13.00% in 2009 and 11.25% in 2010.

The number of defaults and foreclosures have been attributed mainly to the prevalence of subprime home mortgage loans, which generally include a higher rate of interest than prime loans to compensate for the perceived increased credit risk of the borrower. The defaults and foreclosures on home mortgages have been offset by a variety of economic factors, including the growth in and diversification of the regional economy (see “Economic and Demographic Information – Regional Economy” herein).

Table 31 below sets forth information relating to notices of defaults and foreclosures in San Diego County for failure to pay mortgages from calendar years 2001 through 2010.

TABLE 31
NOTICES OF DEFAULT AND FORECLOSURES
Calendar Years 2001 through 2010

<u>Calendar Year</u>	<u>Notices of Default</u>	<u>Foreclosures</u>
2001	5,726	826
2002	5,986	909
2003	5,167	566
2004	4,260	553
2005	5,080	559
2006	10,294	2,065
2007	22,194	8,416
2008	34,069	19,577
2009	38,308	15,487
2010	24,835	13,467

Source: County of San Diego Assessor/Recorder/County Clerk.

Transportation

Surface, sea and air transportation facilities serve County residents and businesses. Interstate 5 parallels the coast from Mexico to the Los Angeles area and points north. Interstate 15 runs inland, leading to Riverside-San Bernardino, Las Vegas, and Salt Lake City. Interstate 8 runs eastward through the southern United States.

San Diego’s International Airport (Lindbergh Field) is located approximately three miles northwest of the downtown area and sits on 614 acres. The facilities are owned and maintained by the San Diego County Regional Airport Authority and are leased to commercial airlines and other tenants. The airport is California’s third most active commercial airport, served by 18 passenger carries and six cargo carriers. In addition to San Diego International Airport there are two naval air stations and eight general aviation airports located in San Diego County.

Public transit in the metropolitan area is provided by the Metropolitan Transit Development Board. The San Diego Trolley, developed by the Metropolitan Transit Development Board beginning in 1979, has been expanded. A total of 17.6 miles were added to the original 108 miles; construction was completed in 1990.

San Diego is the terminus of the Santa Fe Railway's main line from Los Angeles. Amtrak passenger service is available at San Diego, with stops at Solana Beach and Oceanside in the North County.

San Diego's harbor is one of the world's largest natural harbors. The Port of San Diego is administered by the San Diego Unified Port District, which includes the cities of San Diego, National City, Chula Vista, Imperial Beach, and Coronado.

Visitor and Convention Activity

The climate, proximity to Mexico, multiple maritime facilities, and various attractions such as the San Diego Zoo and Wild Animal Park, Sea World, Cabrillo National Monument, and Palomar Observatory contribute to a high level of visitor and convention business each year. Contributing to the growth of visitor business has been the development of the 4,600-acre Mission Bay Park at San Diego and the construction of meeting and convention facilities at the San Diego Community Concourse.

San Diego's visitor industry is a major sector of the region's economy. Visitor revenues in San Diego County reached approximately \$7.08 billion in 2010, according to an estimate by the San Diego Convention and Visitors Bureau (the "Visitors Bureau"), an increase of approximately 120 million, or 1.7%, from the prior year. San Diego County hosted 64 conventions and trade shows in 2010, attended by approximately 543,931 delegates.

Education

Forty-two independent school districts provide educational programs for the elementary and secondary public school children in San Diego County. Each school system is governed by a locally elected board of education and administered by a superintendent or other chief administrative officer appointed by the board of education. In San Diego County there are three types of school districts: elementary, union high and unified. Elementary districts educate elementary students, union high districts educate for the most part secondary students, and unified districts educate both elementary and secondary students. There are currently 12 unified, 24 elementary and 6 union high school districts in San Diego County.

Community colleges in California are locally operated and administered two-year institutions of higher education. They offer Associates in Arts and Associates in Science degrees and have extensive vocational curricula. There are five community college districts in San Diego County with students at eleven campuses and numerous adult and community centers.

Among the institutions of higher education offering bachelors and graduate programs in metropolitan San Diego are San Diego State University, the University of California, San Diego, National University, the University of San Diego, Point Loma Nazarene University, California State University – San Marcos, Alliant International University, the University of Phoenix, Thomas Jefferson School of Law and California Western School of Law.

APPENDIX B

INFORMATION REGARDING THE DISTRICTS

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APPENDIX B

INFORMATION REGARDING THE DISTRICTS

STATE AND FEDERAL FUNDING OF EDUCATION.....	B-1
Major Revenues.....	B-1
Federal Revenues.....	B-2
State Budget Process Related to Funding of Education.....	B-2
Recent State Budgets.....	B-4
CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND	
APPROPRIATIONS.....	B-12
Limitations on Revenues.....	B-12
Expenditures and Appropriations.....	B-13
STATISTICAL AND FINANCIAL INFORMATION REGARDING THE DISTRICTS.....	B-15
Average Daily Attendance.....	B-15
Base Revenue Limit.....	B-16
Employees.....	B-17
Outstanding Obligations.....	B-19
Anticipated Financings.....	B-20
Property-Related Information.....	B-20
Financial Statements.....	B-26
Budgets of Districts.....	B-27
Fiscal Status Reports and Interim Certifications.....	B-27
Insurance.....	B-28
Retirement.....	B-28
Temporary Transfers and Use of One-Time Revenues.....	B-32
Certifications of the Districts.....	B-32
SUMMARY OF FINANCIAL INFORMATION.....	B-35

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STATE AND FEDERAL FUNDING OF EDUCATION

Major Revenues

The Districts' principal revenues consist of guaranteed State moneys, *ad valorem* property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. The majority of the funding that the Districts receive is determined by the State revenue limit formula. This apportionment formula, which is funded by State general fund moneys and local *ad valorem* property taxes, is allocated to the school districts based on the average daily attendance ("ADA") of the school districts for either the current or preceding school year. Generally, the State's apportionment will amount to the difference between the school district's revenue limit and its local property tax allocation. State revenue limit is based on an amount of support per pupil and revenue limit calculations are adjusted annually by a legislatively determined cost of living adjustment in accordance with a number of factors, primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type (*i.e.*, all unified school districts, all high school districts or all elementary school districts). The per-pupil amount is multiplied by the respective school district average daily attendance to determine the total revenue limit. All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to school districts, including the Districts. See "State and Federal Funding of Education - Recent State Budgets" herein.

Each District receives a portion of the local *ad valorem* property taxes that are collected within its district boundaries. This amount is compared to the total revenue limit; the balance is received in the form of State aid. Therefore, the sum of the property taxes and State aid equal the district's revenue limit. Districts which receive the minimum amount of State aid are known as "Basic Aid" districts. Basic Aid districts are those districts whose local property tax collections are of the magnitude that when compared to the district's total revenue limit result in the receipt of the minimum State aid of \$120 per pupil. This amount is defined in the State's Constitution as Basic Aid. In some districts, the local property tax collections exceed the total revenue limit. Current law in California allows these districts to keep the excess without penalty. The implication for Basic Aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining such districts primary funding sources. Rather, property tax growth and the local economy become the determining factors. Cardiff School District, Carlsbad Unified School District, Encinitas Union School District and San Dieguito Union High School District are each "Basic Aid" districts; none of the other Districts are "Basic Aid" districts.

A small part of a school district's budget is from local sources other than property taxes, such as interest income, donations and sales of property. A significant portion of a school district's budget comes from categorical funds provided exclusively by the State and federal government. These funds are to be used for specific programs and typically cannot be used for any other purpose. The California lottery is another source of funding for school districts, providing approximately 2% of a school district's budget. Every school district receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or children. The initiative authorizing the lottery requires the funds to be used exclusively for the education of pupils and students and no funds are to be spent for acquisition of real property, construction of facilities, financing of research, or any other non-instructional purpose.

The State revenue limit was first instituted in Fiscal Year 1973-74 to provide a mechanism to calculate the amount of general purpose revenue a school district is entitled to receive from State and local sources. Prior to Fiscal Year 1973-74, taxpayers in districts with low property values per pupil paid higher tax rates than taxpayers in districts with high property values per pupil. However, despite higher

tax rates, less was spent per pupil in districts with low property values per pupil than districts with high property values per pupil. By disconnecting the amount of revenue to be spent per ADA from the tax rate needed to generate it, the State revenue limit helps to alleviate the inequities derived from varying property values among districts.

The State revenue limit is calculated three times a year for each school district. The first calculation is performed for the February 20th First Principal Apportionment, the second calculation for the June 25th Second Principal Apportionment, and the final calculation for the end of the year Annual Principal Apportionment. Calculations are reviewed by the appropriate county and submitted to the State Department of Education to review the calculations for accuracy, calculate the amount of State aid owed to such school districts and notify the State Controller of the amount, who then distributes the State aid. See “State and Federal Funding of Education — Recent State Budgets” and “ - State Cash Management Plan” herein for information regarding the deferred apportionments during Fiscal Years 2009-10 and 2010-11.

The calculation of the amount of State aid a school district is entitled to receive each year is basically a five-step process. First, the prior year State revenue limit per ADA is established, with recalculations as are necessary for adjustments for equalization or other factors. Second, the adjusted prior year State revenue limit per ADA is adjusted according to formulas based on the implicit price deflator for government goods and services and the statewide average State revenue limit per ADA for the school districts. Third, the current year’s State revenue limit per ADA for each school district is multiplied by such school district’s ADA for either the current or prior year. Fourth, revenue limit adjustments are calculated for each school district that qualifies for the adjustments. Adjustments include the necessary small school district adjustments, meals for needy pupils and small school district transportation, and are added to the State revenue limit for each qualifying school district. Finally, local property tax revenues are deducted from the State revenue limit to arrive at the amount of State aid, based on the State revenue limit, to which each school district is entitled for the current year.

Federal Revenues

The federal government provides funding for several Districts’ programs, including programs that benefit educationally disadvantaged students and students with limited English skills, and that provide other specialized services to students and administration. See “– Recent State Budgets - State Budget for Fiscal Year 2010-11” and “– American Recovery and Reinvestment Act of 2009” herein for a description of additional federal funding for which certain of the Districts may be eligible.

State Budget Process Related to Funding of Education

General. As is true for all school districts in California, operating income of each District consists primarily of two components: a State portion funded from the State’s general fund and a local portion derived from each Districts’ share of the 1% local *ad valorem* property tax authorized by the State Constitution. School districts may be eligible for other special categorical funding, including for State and federal programs. As a result, decreases in State revenues or in State legislative appropriations made to fund education, may significantly affect the operations of the Districts.

According to the State Constitution, the Governor of the State is required to propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by a two-thirds vote of each house of the State Legislature no later than June 15 of each year, although this deadline is routinely breached. The State’s budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. On May 29, 2002, the State Court of Appeal held in *White v.*

Davis (also referred to as *Jarvis v. Connell*) that the State Controller cannot disburse State funds after the beginning of the Fiscal Year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is: (1) authorized by a continuing appropriation found in statute, or (2) mandated by the Constitution (such as appropriations for salaries of elected state officers), or (3) mandated by federal law (such as payments to State workers at no more than minimum wage). The court specifically held that the State Constitution does not mandate or otherwise provide for appropriations for school districts without an adopted budget. Nevertheless, the Controller believes that statutory implementation of the constitutional school funding formula provides for a continuing appropriation of State funding for schools, and has indicated that payment of such amounts would continue during a budget impasse. Special and categorical funds would not be appropriated until a budget or emergency appropriation is adopted. The Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website: www.sco.ca.gov. Should the State Legislature fail to pass the budget or emergency appropriation before the start of any Fiscal Year, the Districts might experience delays in receiving certain expected revenues. The Districts are authorized to borrow temporary funds to cover their respective annual cash flow deficits, and as a result of the *White* decision, the Districts might find it necessary to increase the size or frequency of their cash flow borrowings, or to borrow earlier in the Fiscal Year.

State income tax, sales tax, and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because funding for education is closely related to overall State income, as described in this section, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. Brief descriptions of the adopted State Budget for Fiscal Year 2010-11, proposed State budget for Fiscal Year 2011-12 and the May Revision to the proposed State budget for Fiscal Year 2011-12 are included below. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of adopted budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading “California Budget”. An impartial analysis of the budget is posted by the State’s Legislative Analyst’s Office (“LAO”) at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts within the State, may be found at the website of the State Treasurer, www.treasurer.ca.gov. The information contained in the websites referred to herein is prepared by the respective State agency maintaining each website and not by the Districts. The Districts have not independently reviewed the information in these websites and the Districts take no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by those references.

Aggregate State Education Funding. Under Proposition 98, a constitutional and statutory amendment adopted by the State’s voters in 1988 and amended by Proposition 111 in 1990 (now found at Article XVI, Sections 8 and 8.5 of the Constitution) (“Proposition 98”), a minimum level of funding is guaranteed (the “Proposition 98 Guarantee”) to school districts, community college districts, and other State agencies that provide direct elementary and secondary instructional programs for kindergarten through grade 14 (K through 14).

The guaranteed funding amount for K through 14 education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State’s share of the guaranteed amount is based on State General Fund tax proceeds and is not based on the State General Fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given Fiscal Year’s budget, from the Governor’s initial budget proposal to actual expenditures, as the various factors change. Over the long run, the guaranteed amount will increase as enrollment and per-

capita personal income grow. On average, about 40 percent of State General Fund tax proceeds are spent on the State's share of Proposition 98 funding.

The Proposition 98 Guarantee may be suspended for one year at a time by enactment of an urgency statute. In subsequent years in which State General Fund revenues are growing faster than personal income (or sooner, as the State Legislature may determine), the funding level must be restored to the guaranteed amount. However, the amount of underfunding during suspension of Proposition 98 Guarantee will result in permanent savings to the State.

When State General Fund revenues have failed to reach budgeted levels, the State has implemented a number of retroactive funding adjustments and deferrals within and across fiscal years, distorting funding over many years, making cross-year comparisons difficult, and making short- and long-term budgeting difficult for school and community college districts. In several years in the early 1990s, as the State's economy was sliding into a recession, the State's budgeted allocations for school and community college districts proved to be more than the Proposition 98 Guarantee would have required. The excess amounts were later treated by the State as advances to K through 14 education against subsequent years' Proposition 98 Guarantee, resulting in aggregate funding reductions of over \$1 billion in those subsequent years. In 2003-04, 2004-05 and 2008-09, the worsening State financial position again resulted in retroactive adjustments as well as current-year cuts. LAO reported that legislative actions in mid-Fiscal Year 2002-03 eliminated \$2.5 billion from budgeted Proposition 98 funding through a combination of deferral of expenditures to Fiscal Year 2003-04, use of one-time funds, captured program savings, and other cuts. In general, deferral of education expenditures and reductions in the components of Proposition 98 funding have the effect of reducing the base from which the Proposition 98 Guarantee is calculated in the future. Legislation enacted in March 2003 permanently defers the apportionment of Proposition 98 funds, scheduled each year for June, to each July 2, and thereby deferring apportionment from one Fiscal Year to the next. These and other techniques significantly reduced the amount of the Proposition 98 Guarantee for Fiscal Years 2003-04 and subsequent fiscal years. See "State and Federal Funding of Education - Recent State Budgets - State Cash Management Plan" herein for information regarding additional deferred apportionments.

Recent State Budgets

State Budget for Fiscal Year 2010-11. On October 8, 2010, the Governor signed the 2010 Budget Act (the "Fiscal Year 2010-11 State Budget Act") to address a then-projected \$19.3 billion shortfall in revenues. The Fiscal Year 2010-11 State Budget Act estimated Fiscal Year 2009-10 revenues and transfers of \$86.92 billion, total expenditures of \$86.35 billion and a year-end deficit of \$4.80 billion, which included a negative \$5.38 billion prior-year State General Fund balance, \$5.34 billion withdrawal from the reserve for economic uncertainties and an allocation of \$1.54 billion to the reserve for the liquidation of encumbrances. The Fiscal Year 2010-11 State Budget Act projected Fiscal Year 2010-11 revenues and transfers of \$94.23 billion, actual expenditures of \$86.55 billion and a year-end surplus of \$2.87 billion (net of the \$4.80 billion deficit from Fiscal Year 2009-10), of which \$1.34 billion was budgeted to be reserved for the liquidation of encumbrances and \$1.54 billion was budgeted to be deposited in a reserve for economic uncertainties.

The Fiscal Year 2010-11 State Budget approved a proposal by the Governor to place a ballot measure at an election to be held in March 2012 regarding the State's reserve funds. If approved by the voters, the State would increase the maximum size of its Budget Stabilization Account from five percent to ten percent of annual State General Fund revenues and provide new requirements for depositing State funds into the Budget Stabilization Account. If the ballot measure were approved, the law would further restrict the State's ability to withdraw funds from its reserves.

Certain of the features of the Fiscal Year 2010-11 State Budget Act affecting school districts included the following:

1. The Fiscal Year 2010-11 State Budget Act suspended the Proposition 98 minimum guarantee. The Fiscal Year 2010-11 State Budget Act proposed to fund Proposition 98 for Fiscal Year 2010-11 at approximately \$49.7 million, which reflected an increase of \$200 million from the estimated Fiscal Year 2009-10 funding level. Prior to the suspension of the minimum guarantee, the State's Proposition 98 funding obligation was estimated to be \$53.8 billion for Fiscal Year 2010-11.

2. The Fiscal Year 2010-11 State Budget included approximately \$300 million as a payment to meet the State's outstanding settle-up obligation for Fiscal Year 2009-10 with respect to Proposition 98 funding. The State expected to allocate \$90 million of such amount for annual education costs and to allocate \$210 million to school districts and community college districts based on the district's average daily attendance for its respective unpaid prior-year mandate claims.

3. Budget bills related to the Fiscal Year 2010-11 State Budget provided K-12 education with \$1.5 billion in special one-time federal funding. Such funding included grants in the amount of \$1.2 billion earmarked to help retain K-12 jobs and \$272 million from the most recent disbursement of federal stabilization funding.

4. The Fiscal Year 2010-11 State Budget continued the State's practice of deferring certain apportionments to school districts within a fiscal year and across fiscal years. The Fiscal Year 2010-11 State Budget deferred approximately \$1.9 billion in additional K-14 payments from the spring of 2011 to July 2011. Of such amount, approximately \$1.7 billion was allocable to K-12 education and \$189 million was allocable to community colleges.

5. The Fiscal Year 2010-11 State Budget included legislation authorizing the State Controller to delay specified school and community college payments, among other payments, during October 2010 in order to manage the State's cash flow.

6. Trailer bills adopted by the State Legislature in connection with the Fiscal Year 2010-11 State Budget suspended certain mandated activities including, among other things, behavioral intervention plans and a science course required for graduation, and suspended the State's obligation to pay for such activities.

LAO Analysis of the Fiscal Year 2010-11 State Budget. On October 8, 2010, the LAO released a report entitled "Major Features of the Legislature's 2010-11 Budget" (the "2010-11 LAO Budget Overview"), which provided an analysis by the LAO of the Fiscal Year 2010-11 State Budget. The 2010-11 LAO Budget Overview is available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference. The 2010-11 LAO Budget Overview stated that more than two-third's of the budget solutions contained the State Legislature's budget for Fiscal Year 2010-11 were one-time or temporary in nature. Accordingly, the LAO cautioned that the State would continue to face sizable annual budget problems in Fiscal Year 2011-12 and thereafter.

Proposed State Budget for Fiscal Year 2011-12. On January 10, 2011, Governor Brown released his 2011-12 Proposed Budget (the "2011-12 Proposed State Budget"), which projects an estimated \$8.2 billion budget deficit for Fiscal Year 2010-11 and a \$17.2 billion budget deficit in Fiscal Year 2011-12 absent corrective action.

The 2011-12 Proposed State Budget includes proposals to (i) reduce expenditures by approximately \$12.5 billion, (ii) generate an additional \$3.0 billion in revenues for Fiscal Year 2010-11

and \$12.0 billion in revenues for Fiscal Year 2011-12 by extending four temporary tax increases, subject to voter approval, and shifting funding and responsibility for certain services to local governments, and (iii) borrow \$1.9 billion from special funds and other sources. Assuming the Governor's proposals are approved, the 2011-12 Proposed State Budget estimates a Fiscal Year 2010-11 budget deficit of \$4.1 billion (inclusive of \$770 million of encumbrances) and projects State General Fund revenues and transfers for Fiscal Year 2011-12 of \$89.7 billion (a decrease of approximately 4.8 percent from the projected revenues and transfers for Fiscal Year 2010-11) and State General Fund expenditures of \$84.6 billion (a decrease of approximately 8.2 percent from the projected expenditures for Fiscal Year 2010-11). With an anticipated operating surplus of \$5.1 billion, the 2011-12 Proposed State Budget projects ending Fiscal Year 2011-12 with a State General Fund balance of \$1.7 billion, of which \$770 million will be reserved for the liquidation of encumbrances and \$955 million will be deposited in a reserve for economic uncertainties.

Approximately \$12 billion of the additional revenues included in the 2011-12 Proposed State Budget depends on voter approval at a June 2011 special election of: (i) a constitutional measure to extend certain temporary tax increases by another five years and to dedicate two of these revenues to realignment and (ii) a measure to change the Children and Family Act of 1998 ("Proposition 10") to allow a portion of the funds to be used in the Medi-Cal Program. The Governor proposed an accelerated budget process with a target date of March 1, 2011 to put in place all of the enabling legislation necessary to implement the budget proposals, which was not met. The Governor and the State Legislature are continuing discussions to permit finalizing action on the budget bill prior to the Legislature's June 15 constitutional deadline for adopting a balanced budget and allow for the incorporation of any updated May Revision forecasts and the results of the special election.

Certain of the features of the 2011-12 Proposed State Budget affecting school districts include the following:

1. The 2011-12 Proposed State Budget proposes to fully fund the Proposition 98 minimum guarantee for Fiscal Year 2011-12 at approximately \$49.3 billion, which reflects a decreased of \$216 million from the estimated Fiscal Year 2010-11 funding level. However, such proposed spending level assumes adoption of the Governor's tax proposal to raise approximately \$4.8 billion in additional revenues, which would primarily relate to the proposed extension of higher personal income tax rates.

2. The 2011-12 Proposed State Budget attempts to stabilize funding for school districts by maintaining Proposition 98 funding for K-12 education programs at approximately the same level as Fiscal Year 2010-11. In order to accommodate this proposal, the Governor proposed to defer \$2.1 billion in K-12 and community college costs to Fiscal Year 2012-13. See "State Cash Management Plan" herein. The 2011-12 Proposed State Budget predicates its level funding proposal for K-12 education upon approximately \$2 billion in additional revenues for Proposition 98 that require voter approval.

3. The 2011-12 Proposed State Budget proposes to eliminate cost-of-living adjustments for K-14 education programs in Fiscal Year 2011-12, which the Governor projects will save the State approximately \$964.5 million. Although the 2011-12 Proposed State Budget does not provide a COLA, the Governor proposes to establish a deficit factor of 1.67% for school district and county office of education revenue limit to memorialize the requirement that funding in future years should be used to restore the lack of COLA.

4. The 2011-12 Proposed State Budget proposes to increase revenue limit funding for school districts and county offices of education by \$81.4 million in Fiscal Year 2010-11 and by \$357.5 million in Fiscal Year 2011-12 due to projected increases in ADA.

5. The 2011-12 Proposed State Budget proposes to increase funding to school districts and county offices of education by \$351.8 million in Fiscal Year 2011-12 to fund the additional costs of unemployment insurance.

6. The 2011-12 Proposed State Budget proposes to reduce Fiscal Year 2010-11 funding for school district and county office of education revenue limits from the State by \$47.9 million as a result of higher offsetting property tax revenues and increase Fiscal Year 2011-12 funding for school district and county office of education revenue limits by \$155.7 million as a result of reduced offsetting local property tax revenues.

7. The 2011-12 Proposed State Budget proposes ongoing funding of \$89.9 million for K-14 education mandates for reimbursement of State-mandated local costs. Current law suspends for three years certain mandated programs that were suspending during Fiscal Year 2010-11 for three years. The Governor proposes to continue discussions with the working group on mandate reform established pursuant to Chapter 724, Statutes of 2010.

8. The 2011-12 Proposed State Budget proposes to extend to Fiscal Year 2014 15 from Fiscal Year 2012 13, the sunset of various provisions of the State Budget Act of 2009, including: (i) the authorization of broad flexibility to spend funds originally designated for approximately 40 K- 12 categorical programs for any educational purpose; (ii) the reduction of the amount a school district must deposit into a routine maintenance account to 1 percent of general fund expenditures from 3 percent; (iii) the suspension of the requirement to set aside 0.5% of their revenue limit funding for deferred maintenance; (iv) the reduction of penalties levied against school districts exceeding the a student to teacher ration of 20 to 1 that participate in the K-3 Class Size Reduction Program; (v) the permission to use standards-aligned instructional materials adopted prior to July 1, 2008; (vi) the authorization for school districts to reduce their minimum budget reserve for economic uncertainty from 0.5 percent to 0.33 percent.

9. The 2011-12 Proposed State Budget proposes to increase funding by \$16.1 million for charter school categorical programs due to ADA growth.

10. The 2011-12 Proposed State Budget proposes to increase special education funding by \$7.4 million to reflect program growth.

LAO Analysis of the 2011-12 Proposed State Budget. On January 12, 2011, the LAO released a report entitled “The 2011-12 Budget: Overview of the Governor’s Budget” (the “2011 LAO Budget Overview”), which provides an analysis by the LAO of the 2011-12 Proposed State Budget. The 2011 LAO Budget Overview is available on the LAO website at www.lao.ca.gov. Information on the website is not incorporated herein by reference. The 2011 LAO Budget Overview states that the 2011-12 Proposed State Budget provides a reasonable estimate of the size of the budget problem that must be addressed prior to passage of a 2011- 12 budget package and includes many significant ongoing program reductions that touch nearly every area of the State budget, although the Governor’s estimated savings may be optimistic in certain key program areas. The LAO Budget Overview also states that the 2011-12 Proposed State Budget is heavily focused on multiyear and ongoing solutions that would contribute to eliminating the State’s persistent budget gap, although the LAO’s early assessment of the longer-term effects of the Governor’s budget is somewhat less favorable than the administration’s.

The 2011 LAO Budget Overview notes that the proposed realignment of state and local program responsibilities and funding has “much merit” and the proposed elimination of redevelopment agencies “makes sense”, and provides several other proposals for legislative consideration. According to the 2011 LAO Budget Overview, there are some significant risks in the 2011-12 Proposed State Budget stemming

from the considerable work required of the State Legislature to implement some of the Governor's proposals - especially the realignment and redevelopment proposals, which involve many legal, financial, and policy issues - and to pass key budget legislation by March 1, 2011, as the Governor proposes. The 2011 LAO Budget Overview further notes that if voters reject some or all of the budget proposals to be included in the June 2011 special election, the State Legislature would need to promptly enact an additional \$12 billion in cuts or alternative revenue solutions prior to the start of the new fiscal year in July.

May Revision to the 2011-12 Proposed State Budget. On May 16, 2011, the Governor released the May Revision to the 2011-12 Proposed State Budget (the "May Revision"). After accounting for budgetary actions adopted by the State Legislature, higher than expected revenues and updated expenditure projections, the May Revision projects a budget deficit of \$9.6 billion through Fiscal Year 2011-12, consisting of a \$4.8 billion deficit for Fiscal Year 2010-11 and a \$4.8 billion deficit for Fiscal Year 2011-12. The May Revision proposes \$10.8 billion in budgetary actions to address the projected budgetary shortfall and provide for a reserve of \$1.2 billion. Similar to the Fiscal Year 2011-12 Proposed State Budget, the May Revision proposes to address the State's deficits through realignment of certain State and local government responsibilities and funding such realignment with proceeds of certain temporary tax extensions, subject to voter approval. The May Revision also proposes to reduce State government, repay the State's budgetary borrowings and create business incentives. Assuming adoption of the proposals set forth in the May Revision, it is estimated that the State will end Fiscal Year 2010-11 with revenues and transfers of \$95.740 billion, total expenditures of \$91.566 billion and a year-end deficit of \$2.776 billion, which includes a \$6.950 billion prior-year State General Fund deficit and an allocation of \$770 million to the reserve for the liquidation of encumbrances. The May Revision projects Fiscal Year 2011-12 revenues and transfers of \$93.623 billion, total expenditures of \$88.803 billion and a year-end surplus of \$2.044 billion (net of the \$2.776 billion deficit from Fiscal Year 2010-11), of which \$770 million will be reserved for the liquidation of encumbrances and \$1.274 billion will be deposited in a reserve for economic uncertainties. The May Revision indicates that the return to pre-recession economic conditions will be slow and steady.

The May Revision also sets forth the types of reductions that would be necessary should the revenue generating proposals set forth therein fail to pass, including suspension of the Proposition 98 minimum guarantee and large budgetary reductions for education, further reduced funding for public safety programs, the courts system and fire prevention and protection, and additional reductions to health and human services through reduced California Work Opportunity and Responsibility to Kids grants, elimination of services for many In-Home Supportive Services recipients, capping Medi-Cal coverage and greater cuts to developmental services.

Features of the May Revision affecting the school districts in general include, but are not limited to, the following:

Certain of the features of the May Revision to the 2011-12 Proposed State Budget affecting school districts include the following:

1. The May Revision proposes to fund the Proposition 98 guarantee for Fiscal Year 2011-12 at \$52.4 million, which amount is an increase of \$3 billion from the level approved by the State Legislature in March 2011.
2. The May Revision proposes to suspend the Proposition 98 guarantee for Fiscal Year 2010-11 at \$49.7 million, but proposes to fund it at \$49.8 million to fund workload changes from the State Budget Act of 2010.

3. The May Revision proposes to reduce deferrals of principal apportionment due to school districts by \$2.1 million such that school districts would receive these moneys in Fiscal Year 2011-12 rather than Fiscal Year 2012-13 in accordance with legislation adopted in March 2011. In addition, in order to restore revenue limit apportionment funding, the May Revision would provide an additional \$434 million to reduce other existing deferrals.

4. The May Revision proposes to increase Proposition 98 spending by \$221.8 million in connection with the Governor's plan to shift responsibility for providing mental health services, including out-of-home residential services, required under federal law to school districts from county mental health agencies and county welfare agencies. Further, the May Revision proposes that the State provide \$98.6 million in Proposition 63 (Mental Health Services Act) to county mental health agencies on a one-time basis in Fiscal Year 2011-12. Under this proposal, school districts could contract with counties to provide services using Proposition 63 funds. However, school districts would be responsible for any costs exceeding this amount.

5. The May Revision proposes to adjust his proposal for realignment contained in the Proposed State Budget for Fiscal Year 2011-12 in order to clarify responsibilities and expenditures in connection with residential and mental health services for special education pupils. Pursuant to the May Revision, the State would realign funding pursuant to AB 3632 to school districts.

6. The May Revision proposes to eliminate certain K-14 mandates, which elimination would reduce State General Fund expenditures by \$38.2 million. In addition, the Governor proposes to collaborate with the LAO to further a proposal to fund K-14 mandates through a block grant program.

7. The May Revision proposes an increase of \$19.5 million for the Charter School Categorical Block Grant and Economic Impact Aid caseload growth. In addition, the May Revision proposes to increase State General Fund expenditures by \$8 million to provide certain charter schools, which commenced operations between Fiscal Years 2008-09 and 2011-12, with supplemental categorical funding. The State would provide such funding to these charter schools in lieu of categorical funding for which they are no longer able to apply under the State's current categorical flexibility provisions.

8. In connection with the Governor's proposal to eliminate redevelopment agencies, the May Revision proposes that subsequent to Fiscal Year 2011-12, all property tax increment remaining after debt service payments and other approved expenses of the eliminated redevelopment agencies would flow to cities, counties, special districts, and K-14 school districts.

LAO May Overview of the May Revision. On May 19, 2011, the LAO released an analysis of the May Revision to the Fiscal Year 2011-12 Proposed State Budget entitled "The 2011-12 Budget: Overview of the May Revision" (the "LAO May Overview"). The LAO May Overview states that the estimates included in the May Revision are reasonable, noting that while the temporary nature of the major tax proposals raises longer-term issues, the budget plan would achieve the goal of bringing annual spending and resources much closer in line over the next five years. The LAO May Overview projects that General Fund revenues through Fiscal Years 2010-11 and 2011-12 will be \$59 million higher than the Governor's projections. However, the LAO May Overview cautions that it projects, absent corrective action, revenues and transfers would be \$2 billion or more lower than the Governor's projections in Fiscal Years 2012-13 through 2014-15. Further, the LAO May Overview states that the election contingency included in the May Revision and the failure to specify a date for such election (provided a ballot measure is approved) creates enormous uncertainty for the State and local governments, including with respect to the realignment proposal and funding therefor, and queries the effectiveness of certain proposals, including extension of the sales and personal income tax rates and modification of enterprise zone hiring credits. The LAO May Overview advises the State Legislature to evaluate its spectrum of options,

including adoption of some of the Governor's revenue proposals, consideration of other revenue proposals, additional program reductions and selected fund transfers and internal borrowing. The LAO May Overview also advises the State Legislature to maximize the amount of ongoing solutions, prioritize tax proposals, potentially by giving the highest priority to tax provisions that eliminate distortions among taxpayers or provisions without persuasive evidence on effectiveness and giving the next priority to proposals that achieve a desired tax policy objective, provide as much budgetary certainty as possible and incorporate the Governor's focus on the State's large fiscal obligations in its budgetary deliberations.

Potential Impact of the 2011-12 Proposed State Budget and May Revision on the Districts. The following table sets forth the projected revenue limits per ADA, prior to application of the deficit factor, for each District based upon the 2011-12 Proposed State Budget and May Revision. See "-State Cash Management Plan" for a description of deferrals of school district funding.

**PROJECTED BASE REVENUE LIMIT PER ADA
Fiscal Year 2011-12**

District	Projected Base Revenue Limit ⁽¹⁾
Alpine Union School District	\$6,215.68
Cardiff School District	6,196.54
Carlsbad Unified School District	6,484.31
Chula Vista Elementary School District	6,208.25
Encinitas Union School District	6,219.70
Fallbrook Union High School District	7,500.10
Grossmont Union High School District	7,503.00
Jamul-Dulzura Union School District	6,212.42
La Mesa-Spring Valley School District	6,220.05
Oceanside Unified School District	6,482.66
Ramona Unified School District	6,496.41
San Dieguito Union High School District	7,454.08
San Marcos Unified School District	6,479.78
San Ysidro School District	6,240.46
Santee Elementary School District	6,226.11
Sweetwater Union High School District	7,473.78

Source: San Diego County Office of Education.

⁽¹⁾ Based on the May Revision to the 2011-12 Proposed State Budget.

Future State Budgets. The Districts and the County cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues or increased expenses for the Districts and the County, the Districts and the County will be required to make adjustments to their respective budgets. In the event of revision to the 2010 State Budget Act includes decreases in a District's revenues or increases in required expenditures by such District from the levels assumed by such District, such District will be required to generate additional revenues, curtail programs and/or services, or spend down its reserve to ensure a balanced budget.

No prediction can be made by the Districts as to whether the State will encounter budgetary problems in this or in any future Fiscal Years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the Districts cannot predict

the final outcome of future State budget negotiations, the impact that such budgets will have on its finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the Districts have no control.

American Recovery and Reinvestment Act of 2009. In April 2009, the United States Department of Education announced the allocation to the State of \$3.1 billion from the State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act of 2009 (the “Recovery and Reinvestment Act”). Of the total amount, approximately \$2.6 billion was allocated to K-12 schools and approximately \$537 million was allocated to the California State University and University of California systems. Such federal funds were allocated to local education agencies by the State’s Department of Education pursuant to an application process administered by the State Superintendent of Public Instruction. Receipt of funds is contingent upon the submission of an application, which includes assurances by the local education agency that it will, among other things, provide reports to the State regarding the use of funds, work with the State to advance the education reform areas identified in the State’s application for federal funding and comply with all applicable accountability, transparency and reporting requirements.

State Cash Management Plan. Since 2002, the State has deferred certain State Aid payments to school districts from one fiscal year to the next fiscal year in order to manage the State’s cash flow. The Revised 2009-10 State Budget Act extended deferments of State Aid and provided for new deferrals of State Aid. Under the Revised 2009-10 State Budget Act, State Aid payments are deferred from October to December of such calendar year, November to February of the following calendar year, April and May to August of such calendar year, from June to July of each calendar year and from July to August of each calendar year. On March 22, 2010, the Governor approved Assembly Bill No. 14 (“ABx8 14”) to address current fiscal year State deficits. ABx8 14 establishes a cash management program intended to assure rating agencies and investors that the State can control its cash resources with more certainty and avoid issuance of IOUs, as occurred in July 2009. ABx8 14 will provide the State with authority to impose cash payment deferrals on, among others, K-12 school districts, community college districts, county offices of education, the California State University system, the University of California, cities and counties. In accordance with ABx8 14, the State Department of Finance deferred the apportionments for July 2010, September 2010 and March 2011 to September 2010, December 2010 and April 2011, respectively. The aggregate amount of each such deferral did not exceed \$2.5 billion at any given time.

In October 2010, the State adopted AB 1610 which directed warrants for the principal apportionments for the month of February 2011 in the amount of \$2 billion be drawn in July 2011, warrants for the principal apportionments for the month of April 2011 in the amount of \$679 million and for the month of May 2011 in the amount of \$1 billion be drawn in August 2011, warrants for the principal apportionments for the month of April 2011 in the amount of \$420 million and for the month of May 2011 in the amount of \$800 million be drawn in July 2011. AB 1610 also approved a waiver provisions relation to an amount up to \$100 million for June of each year to July of such year subject to a demonstration of financial hardship by the requesting school district.

In March 2011, the Governor adopted Senate Bill 70 (“SB 70”) and Senate Bill 82 (“SB 82”) to revise the State’s cash management plan for Fiscal Years 2010-11 and 2011-12. Pursuant to SB 70, there will be a one-time modification to the State’s inter-fiscal year deferral payment schedule. Accordingly, warrants in the amount of \$24.7 million will be deferred to July 2011 from February 2011, warrants in the amount of \$1.405 billion will be deferred to August 2011 from February 2011, and warrants in the amount of \$569.8 million will be deferred to August 2011 from February 2011. In addition, SB 70 defers warrants in the amount of \$420 million to September 2011 from April 2011 and warrants in the amount of \$800 million to September 2011 from May 2011. SB 70 also approves on-going deferrals and directs that

warrants in amount of \$1.3 billion be deferred to August from March and warrants in the amount of \$764 million be deferred to August from April.

Pursuant to SB 82, the State adopted several intra-year deferrals for Fiscal Year 2011-12. Accordingly, warrants in the amount \$700 million will be deferred to September 2011 from July 2011, warrants in the amount of \$700 million will be deferred to January 2012 from July 2011, warrants in the amount of \$1.4 billion will be deferred to January 2012 from August 2011 and warrants in the amount of \$2.4 billion will be deferred to January 2012 from October 2011. In addition, warrants in the amount of \$1.4 billion will be deferred to April 2012 from March 2012. SB 82 contains a provision whereby a school district may, subject to the approval of the State's Director of Finance, receive scheduled payments from the State Controller if payments are deferred, if the county superintendent of schools certifies to the State Superintendent of Public Instruction and Director of Finance, that the deferral of warrants will result in a hardship for the school district.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Limitations on Revenues

Article XIII A of the California Constitution. Article XIII A of the State Constitution, adopted and known as Proposition 13, was approved by the voters in June 1978. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the one-percent limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, or (2) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast on the proposition, or (3) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the bond proposition.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. The Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restored value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the 1% base tax levied by each County and taxes to pay debt service on indebtedness approved by the voters as described above.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be reassessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain

improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the District.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII C and Article XIII D of the California Constitution. On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes); prohibits special purpose government agencies such as school districts from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Article XIII C also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the county treasurer-tax collector to levy a property tax sufficient to pay debt service on school bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of general obligation bonds or to otherwise interfere with performance of the duty of the respective Districts and the County with respect to such taxes. Legislation adopted in 1997 provides that Article XIII C shall not be construed to mean that any owner or Beneficial Owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIII D deals with assessments and property-related fees and charges. Article XIII D explicitly provides that nothing in Article XIII C or XIII D shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the Districts.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Expenditures and Appropriations

Article XIII B of the California Constitution. In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and local governments are subject to an annual “appropriations limit” or “Gann Limit” imposed by Article XIII B of the State Constitution, which effectively limits the amount of such revenues that government entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax

refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in cases of emergency; however, the appropriations limit for the three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Each school district is required to establish an appropriations limit each year. In the event that a school district’s revenues exceed its spending limit, the district may increase its appropriations limit to equal its spending by taking appropriations limit from the State.

Proposition 111 requires that each agency’s actual appropriations be tested against its limit every two years. If the aggregate “proceeds of taxes” for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency’s taxpayers through tax rate or fee reductions over the following two years. If the State’s aggregate “proceeds of taxes” for the preceding two-year period exceeds the aggregate limit, 50% of the excess is transferred to fund the State’s contribution to school and college districts.

Future Initiatives. Articles XIII A, XIII B, XIII C, and XIII D, and Propositions 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative measures could be adopted, further affecting the revenues of the Districts.

STATISTICAL AND FINANCIAL INFORMATION REGARDING THE DISTRICTS

In connection with the offering of the Note Participations, each of the Districts has provided the following information and the summary of financial information of the Districts provided under “SUMMARY OF DISTRICT FINANCIAL INFORMATION” herein.

Average Daily Attendance

The following sets forth the average daily attendance (second period) for the four Fiscal Years ended June 30, 2007 through 2010 and projections for Fiscal Year ending June 30, 2011 for each of the Districts:

AVERAGE DAILY ATTENDANCE Second Principal Apportionment⁽¹⁾ Fiscal Years 2006-07 through 2010-11

District	2006-07	2007-08	2008-09	2009-10	2010-11
Alpine Union School District	2,142	2,075	1,996	1,975	1,970
Cardiff School District ⁽²⁾	700	684	709	712	739
Carlsbad Unified School District ⁽²⁾	10,087	10,283	10,317	10,417	10,630
Chula Vista Elementary School District ⁽³⁾	25,897	26,413	26,462	26,531	26,717
Encinitas Union School District ⁽²⁾	5,229	5,229	5,279	5,259	5,243 ⁽⁴⁾
Fallbrook Union High School District	2,893	2,904	2,886	2,811	2,895
Grossmont Union High School District	20,715	18,467	19,037	19,639	18,383
Jamul-Dulzura Union School District	1,003	954	902	850	723
La Mesa-Spring Valley School District	12,797	12,470	12,220	12,038	11,967
Oceanside Unified School District	19,179	19,196	19,524	19,132	18,926
Ramona Unified School District	6,508	6,478	6,403	6,108	5,899
San Dieguito Union High School District ⁽²⁾	12,248	12,319	12,368	12,150	11,908
San Marcos Unified School District	15,901	16,436	16,961	17,303	17,721
San Ysidro School District	4,941	4,684	4,660	4,686	4,978
Santee Elementary School District	6,113	6,086	6,193	6,210	6,171 ⁽⁵⁾
Sweetwater Union High School District	38,891	39,275	39,685	39,333	38,750 ⁽⁵⁾

Source: Data for Fiscal Years 2006-07 through 2009-10 are ADAs at P-2, as set forth in the supplemental information section of each respective District’s audit report, and data for Fiscal Year 2010-11 are ADAs at P-2, as set forth in the second interim financial reports of each respective District, unless otherwise noted.

(1) Projected; excludes adult education.

(2) Basic Aid District.

(3) Includes charter schools.

(4) Actual amount provided by the District.

(5) Actual.

Base Revenue Limit

The following table sets forth the actual base revenue limit per ADA for Fiscal Year 2009-10 and the budgeted base revenue limit per ADA for Fiscal Year 2010-11 for each of the Districts:

BASE REVENUE LIMIT PER ADA Fiscal Years 2009-10 and 2010-11⁽¹⁾

District	2009-10 (Actual) ⁽¹⁾	2010-11 (Budgeted) ⁽²⁾
Alpine Union School District	\$ 6,102.68	\$ 6,104.25
Cardiff School District	6,083.54	6,072.32
Carlsbad Unified School District	6,366.31	6,349.69
Chula Vista Elementary School District	6,095.25	6,112.11
Encinitas Union School District	6,106.70	6,106.86
Fallbrook Union High School District	7,365.10	7,344.53
Grossmont Union High School District	7,368.00	7,360.94
Jamul-Dulzura Union School District	6,099.42	6,184.09
La Mesa-Spring Valley School District	6,107.05	6,091.25
Oceanside Unified School District	6,364.66	6,368.54
Ramona Unified School District	6,378.41	6,379.05
San Dieguito Union High School District	7,319.08	7,298.49
San Marcos Unified School District	6,361.78	6,351.82
San Ysidro School District	6,127.46	6,124.39
Santee Elementary School District	6,113.11	6,097.46
Sweetwater Union High School District	7,338.79	7,309.79

Source: Second interim financial reports of each respective District.

⁽¹⁾ Amounts are prior to application of the deficit factor, which was 18.355% for Fiscal Year 2009-10, and other adjustments pursuant to the Fiscal Year 2009-10 State Budget Act.

⁽²⁾ Amounts listed are budgeted and thus do not reflect actual financial results or the outcome of State budget negotiations and revisions. Further, amounts are prior to the application of the deficit factor, which is 17.963% for Fiscal Year 2010-11, and other adjustments pursuant to the Fiscal Year 2010-11 State Budget Act.

Employees

The following table sets forth the number of certificated and classified employees and management/other employees for each of the Districts as of July 1, 2010:

FULL-TIME EQUIVALENT EMPLOYEES (As of July 1, 2010)

District	Certificated Employees	Classified Employees	Management/Other Employees
Alpine Union School District	96	69	14
Cardiff School District	42	32	4
Carlsbad Unified School District	540	295	38
Chula Vista Elementary School District ⁽¹⁾	1,650	969	178
Encinitas Union School District	280	116	27
Fallbrook Union High School District	132	88	18
Grossmont Union High School District	984	1,002	101
Jamul-Dulzura Union School District ⁽¹⁾	45	43	9
La Mesa-Spring Valley School District	597	384	46
Oceanside Unified School District	1,026	659	62
Ramona Unified School District	296	245	29
San Dieguito Union High School District ⁽¹⁾	534	366	54
San Marcos Unified School District	808	494	78
San Ysidro School District	258	159	36
Santee Elementary School District ⁽¹⁾	311	219	28
Sweetwater Union High School District	1,905	1,207	230

Source: The Districts, respectively.

⁽¹⁾ Management employees included in the Certificated and Classified employee counts.

The following table sets forth the collective bargaining unit representing employees of each of the Districts and the expiration date of the collective bargaining agreement under which the respective District and such collective bargaining unit are currently operating:

COLLECTIVE BARGAINING AGREEMENTS

Collective Bargaining Units	Agreement Expiration Date
Alpine Union School District	
1. Alpine Teacher's Association	June 30, 2013
2. California School Employee's Association	June 30, 2013
Cardiff School District	
1. Cardiff Elementary Teachers Association	June 30, 2014
Carlsbad Unified School District	
1. Federation of Unified School Employees/Laborers' International Union of North America Local 777 ⁽¹⁾	June 30, 2011
2. Carlsbad Unified Teachers Association/California Teachers Association/National Education Teachers Association ⁽¹⁾	June 30, 2010
Chula Vista Elementary School District	
1. Chula Vista Educators ⁽¹⁾	June 30, 2011
2. Chula Vista Classified Employees Organization	June 30, 2011

Collective Bargaining Units	Agreement Expiration Date
Encinitas Union School District	
1. Teachers of Encinitas	June 30, 2013
2. Classified of Encinitas	June 30, 2013
Fallbrook Union High School District	
1. Fallbrook Union High School Teachers Association	June 30, 2011
2. Service Employees International Union, Local 2028	June 30, 2011
Grossmont Union High School District	
1. California School Employees Association, Chapter 443 ⁽¹⁾	June 30, 2011
2. Service Employees International Union, Local 22	June 30, 2012
3. Grossmont Education Association ⁽¹⁾	June 30, 2011
Jamul-Dulzura Union School District	
1. Jamul-Dulzura Unified Teachers Association ⁽¹⁾	June 30, 2011
2. California School Employees Association	June 30, 2011
La Mesa-Spring Valley School District	
1. Teachers Association	June 30, 2014
2. Classified Association Chapter 419	June 30, 2013
Oceanside Unified School District	
1. Oceanside Teachers Association	June 30, 2012
2. California School Employees Association	June 30, 2012
Ramona Unified School District	
1. Ramona Teachers Association	June 30, 2013
2. Classified School Employee Association	June 30, 2012
San Dieguito Union High School District	
1. San Dieguito Faculty Association	June 30, 2013
2. California School Employees Association	June 30, 2012
San Marcos Unified School District	
1. California School Employees Association ⁽¹⁾	June 30, 2011
2. California Teachers Association ⁽¹⁾	June 30, 2011
San Ysidro School District	
1. California School Employees Association, Chapter 154 ⁽¹⁾	June 30, 2010
2. San Ysidro Education Association	June 30, 2010
Santee Elementary School District	
1. Santee Teachers Association ⁽¹⁾	June 30, 2011
2. Classified School Employees Association, Chapter 557 ⁽¹⁾	June 30, 2010
Sweetwater Union High School District	
1. National Association of Government Employees ⁽¹⁾	June 30, 2010
2. Sweetwater Education Association ⁽¹⁾	June 30, 2010
3. California School Employees Association ⁽¹⁾	June 30, 2010
4. Sweetwater Counseling and Guidance Association ⁽¹⁾	June 30, 2010

⁽¹⁾ This District is in the process of negotiating extensions of its existing agreements or terms of a new agreement. Terms of the expired or expiring agreement continue to apply until a new agreement is finalized.

Depending on the outcome of negotiations relating to new and existing labor agreements referenced in the footnotes above, as applicable, certain of the Districts may be required to pay increased amounts in compensation to their respective employees. Other than such Districts, none of the Districts has any employee collective bargaining arrangements currently under negotiation; and none of the Districts or their respective staffs are aware of any labor disputes which may materially adversely affect the finances or operations of the District.

Outstanding Obligations

The following table sets forth the long-term outstanding obligations of each District as of June 30, 2010.

LONG-TERM OUTSTANDING OBLIGATIONS⁽¹⁾ (As of June 30, 2010)

District	General Obligation Bonds	Lease Obligations ⁽²⁾	Net OPEB Obligations	Compensated Absences
Alpine Union School District ⁽³⁾	\$ 9,559,891	\$ 943,223	\$ 530,722	\$ 224,080
Cardiff School District	8,699,000	--	8,797	17,803
Carlsbad Unified School District	128,461,518	58,248,823	4,473,459	376,839
Chula Vista Elementary School District ⁽⁴⁾	77,235,000	152,767,889	1,187,746	859,351
Encinitas Union School District	33,641,100	203,855	694,594	186,479
Fallbrook Union Elementary School District	20,821,631	18,381	2,279,064	218,149
Grossmont Union High School District	325,242,624	2,071,848	7,935,398	3,115,645
Jamul-Dulzura Union School District	9,035,600 ⁽⁵⁾	--	--	74,178
La Mesa-Spring Valley School District ⁽⁶⁾	43,724,188	133,211	4,515,209	782,455
Oceanside Unified School District ⁽⁷⁾	197,488,934	625,000	370,641	861,845
Ramona Unified School District	--	23,500,584	--	614,280
San Dieguito Union High School District ⁽⁸⁾	--	13,015,000	3,042,132	1,133,614
San Marcos Unified School District ⁽⁹⁾	18,625,855 ⁽¹⁰⁾	64,768,695	4,475,023	666,283
San Ysidro School District ⁽¹¹⁾	98,015,407 ⁽¹²⁾	32,082,823	659,900	47,380
Santee Elementary School District ⁽¹³⁾	46,616,616 ⁽¹⁴⁾	25,959,849	2,541,443	202,772
Sweetwater Union High School District	359,020,535 ⁽¹⁵⁾	11,577,971	14,848,241	7,382,016

Source: Audited financial statements for each respective District and the Districts, respectively.

⁽¹⁾ Excludes bond and certificates of participation premium, other long-term liabilities and obligations of assessment districts, special districts, community facilities districts and community service districts and special tax bonds.

⁽²⁾ Includes certificates of participation, lease revenue bonds and capital leases.

⁽³⁾ Subsequent to June 30, 2010, the District issued \$3,055,000 aggregate principal amount of general obligation refunding bonds and executed and delivered \$4,470,000 aggregate principal amount of taxable certificates of participation (direct subsidy qualified school construction bonds) and \$250,000 aggregate principal amount of taxable certificates of participation.

⁽⁴⁾ Excludes \$38,893 other long-term debt. Subsequent to June 30, 2010, the District issued \$14,785,000 aggregate principal amount of general obligation refunding bonds and executed and delivered \$11,220,000 refunding certificates of participation.

⁽⁵⁾ Includes \$3,797,551 of accrued interest.

⁽⁶⁾ Excludes \$3,663,546 in early retirement incentive and \$981,410 in other long-term debt.

⁽⁷⁾ Subsequent to June 30, 2010, the District issued \$25 million of taxable general obligation qualified school construction bonds.

⁽⁸⁾ Excludes \$86,560,000 in special revenue bonds and \$3,000,000 in State loan. Subsequent to June 30, 2010, the District issued \$13 million aggregate principal amount qualified school construction bonds and entered into a \$9.6 million lease-leaseback transaction for the construction of a performing arts center to be financed with Mello-Roos revenue, State school building bonds and donations.

⁽⁹⁾ Excludes \$699,448 in early retirement payments.

⁽¹⁰⁾ Includes \$5,127,836 accreted interest.

⁽¹¹⁾ Excludes \$331,800 in other long-term obligations.

⁽¹²⁾ Includes \$3,929,095 in qualified zone academy bonds.

⁽¹³⁾ Excludes \$2,541,500 in other long-term obligations. Subsequent to June 30, 2010, the District issued \$43,534,306.75 of general obligation bonds.

⁽¹⁴⁾ Excludes \$221,185,000 in special revenue bonds and \$3,226,546 in early retirement incentives.

⁽¹⁵⁾ Includes \$5,000,000 in qualified zone academy bonds.

Anticipated Financings

In addition to their respective Note Participations, the following Districts expect to issue debt obligations in the near future:

- Carlsbad Unified School District anticipates the issuance of \$78 million of general obligation bonds, \$25 million of which will constitute qualified school construction bonds.
- San Marcos Unified School District anticipates the issuance of approximately \$150 million of general obligation bonds by June 30, 2011.

Property-Related Information

Assessed Valuation and Appeals. The assessed valuation of property in each District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full cash value of the property, as defined in Article XIII A of the California Constitution.

Total assessed valuation of property in each District for the past five years is set forth below.

ASSESSED VALUE OF TAXABLE PROPERTY⁽¹⁾ Fiscal Years 2006-07 through 2010-11 (\$ In Thousands)

District	2006-07	2007-08	2008-09	2009-10	2010-11
Alpine Union School District	\$ 2,061,720	\$ 2,238,089	\$ 2,322,799	\$ 2,225,596	\$ 2,177,243
Cardiff School District	1,753,486	1,898,823	2,042,249	2,066,510	2,069,701
Carlsbad Unified School District	13,450,912	14,954,280	16,191,216	16,066,036	15,942,061
Chula Vista Elementary School District	23,752,715	27,040,451	27,535,979	24,501,698	23,632,595
Encinitas Union School District	12,056,030	12,901,695	13,473,200	13,444,454	13,423,583
Fallbrook Union High School District	7,435,785	8,056,314	8,314,140	8,153,886	7,974,411
Grossmont Union High School District	34,557,009	37,306,244	38,260,334	36,226,604	35,724,830
Jamul-Dulzura Union School District	1,041,252	1,127,337	1,157,929	1,103,761	1,079,619
La Mesa-Spring Valley School District	9,653,859	10,487,367	10,765,161	10,150,189	10,021,008
Oceanside Unified School District	11,044,257	12,353,948	12,654,532	11,875,518	11,690,351
Ramona Unified School District	3,612,440	3,880,069	3,933,660	3,669,677	3,602,313
San Dieguito Union High School District	40,368,052	44,063,522	47,017,777	47,622,252	47,112,546
San Marcos Unified School District	13,933,689	15,169,016	15,286,919	14,400,068	14,231,889
San Ysidro School District	3,404,173	3,756,004	4,344,156	4,121,711	4,009,249
Santee Elementary School District	4,420,284	4,772,886	4,955,020	4,755,225	4,738,865
Sweetwater Union High School District	32,844,613	36,940,575	38,247,645	34,550,699	33,452,565

Source: San Diego County Office of Education.

⁽¹⁾ Includes secured, utility and homeowner's exemption.

Property Tax Collections. The table below sets forth the tax levies, collections and percent of collections and levies for property taxes in each District for the last five Fiscal Years.

PROPERTY TAX COLLECTIONS
Fiscal Years 2006-07 through 2010-11

District; Fiscal Year	Total Tax Amount⁽¹⁾	Total Tax Amount Collected	Delinquent Tax Amount⁽²⁾	Delinquent Tax Amount as Percentage of Total Tax Amount
Alpine Union School District				
Fiscal Year 2010-11	\$4,112,754.23	\$3,887,738.25	\$225,015.98	5.5%
Fiscal Year 2009-10	4,196,610.05	4,150,640.46	45,969.59	1.1%
Fiscal Year 2008-09	4,362,412.28	4,339,061.65	23,350.63	0.5%
Fiscal Year 2007-08	4,201,308.27	4,185,655.71	15,652.56	0.4%
Fiscal Year 2006-07	3,863,947.57	3,851,897.00	12,050.57	0.3%
Cardiff School District				
Fiscal Year 2010-11	\$5,544,467.01	\$5,240,293.67	\$304,173.34	5.5%
Fiscal Year 2009-10	5,523,541.95	5,462,863.98	60,677.97	1.1%
Fiscal Year 2008-09	5,456,271.29	5,426,996.04	29,275.25	0.5%
Fiscal Year 2007-08	5,102,570.09	5,083,821.51	18,748.58	0.4%
Fiscal Year 2006-07	4,682,483.77	4,667,841.82	14,641.95	0.3%
Carlsbad Unified School District				
Fiscal Year 2010-11	\$61,500,004.48	\$58,159,739.87	\$3,340,264.61	5.4%
Fiscal Year 2009-10	62,048,999.92	61,375,291.01	673,708.91	1.1%
Fiscal Year 2008-09	64,677,505.44	64,211,622.17	465,883.27	0.7%
Fiscal Year 2007-08	59,313,000.59	59,023,622.18	289,378.41	0.5%
Fiscal Year 2006-07	52,364,770.53	52,203,112.20	161,658.33	0.3%
Chula Vista Elementary School District				
Fiscal Year 2010-11	\$72,725,370.44	\$69,017,428.08	\$3,707,942.36	5.1%
Fiscal Year 2009-10	75,291,893.55	74,465,669.68	826,223.87	1.1%
Fiscal Year 2008-09	85,244,638.85	84,622,965.19	621,673.66	0.7%
Fiscal Year 2007-08	83,592,778.06	83,285,744.81	307,033.25	0.4%
Fiscal Year 2006-07	73,175,507.87	72,946,769.79	228,738.08	0.3%
Encinitas Union School District				
Fiscal Year 2010-11	\$33,884,596.90	\$32,025,591.39	\$1,859,005.51	5.5%
Fiscal Year 2009-10	33,895,288.14	33,522,879.93	372,408.21	1.1%
Fiscal Year 2008-09	33,961,935.98	33,779,683.28	182,252.70	0.5%
Fiscal Year 2007-08	32,486,511.03	32,367,208.98	119,302.05	0.4%
Fiscal Year 2006-07	30,302,215.30	30,207,434.94	94,780.36	0.3%
Fallbrook Union High School District				
Fiscal Year 2010-11	\$13,041,222.67	\$12,506,791.49	\$534,431.18	4.1%
Fiscal Year 2009-10	12,988,036.54	12,888,616.54	99,420.00	0.8%
Fiscal Year 2008-09	13,009,747.95	12,962,363.01	47,384.94	0.4%
Fiscal Year 2007-08	12,626,351.32	12,505,864.40	120,486.92	1.0%
Fiscal Year 2006-07	11,832,243.50	11,806,306.89	25,936.61	0.2%
Grossmont Union High School District				
Fiscal Year 2010-11	\$79,806,289.83	\$75,453,136.98	\$4,353,152.85	5.5%
Fiscal Year 2009-10	80,929,986.35	79,929,286.48	1,000,699.87	1.2%
Fiscal Year 2008-09	85,624,331.55	85,033,517.07	590,814.48	0.7%
Fiscal Year 2007-08	83,747,756.75	83,318,435.25	429,321.50	0.5%
Fiscal Year 2006-07	77,731,065.01	77,489,349.26	241,715.75	0.3%

District; Fiscal Year	Total Tax Amount⁽¹⁾	Total Tax Amount Collected	Delinquent Tax Amount⁽²⁾	Delinquent Tax Amount as Percentage of Total Tax Amount
Jamul-Dulzura Union High School District				
Fiscal Year 2010-11	\$2,666,109.92	\$2,521,177.60	\$144,932.32	5.4%
Fiscal Year 2009-10	2,720,858.71	2,691,277.81	29,580.90	1.1
Fiscal Year 2008-09	2,844,827.73	2,829,704.95	15,122.78	0.5
Fiscal Year 2007-08	2,771,767.51	2,761,069.91	10,697.60	0.4
Fiscal Year 2006-07	2,555,132.42	2,547,219.06	7,913.36	0.3
La Mesa-Spring Valley School District				
Fiscal Year 2010-11	\$23,222,904.73	\$21,955,747.94	\$1,267,156.79	5.5%
Fiscal Year 2009-10	23,545,781.15	23,288,699.70	257,081.45	1.1
Fiscal Year 2008-09	24,926,910.53	24,793,853.44	133,057.09	0.5
Fiscal Year 2007-08	24,328,067.75	24,236,181.98	91,885.77	0.4
Fiscal Year 2006-07	22,432,414.03	22,362,638.84	69,775.19	0.3
Oceanside Unified School District				
Fiscal Year 2010-11	\$43,680,468.78	\$41,296,382.14	\$2,384,086.64	5.5%
Fiscal Year 2009-10	44,342,530.98	43,857,976.99	484,553.99	1.1
Fiscal Year 2008-09	47,462,429.84	47,207,891.75	254,538.09	0.5
Fiscal Year 2007-08	46,894,347.96	46,718,988.89	175,359.07	0.4
Fiscal Year 2006-07	42,940,115.14	42,806,340.18	133,774.96	0.3
Ramona Unified School District				
Fiscal Year 2010-11	\$17,508,348.54	\$16,552,238.66	\$956,109.88	5.5%
Fiscal Year 2009-10	17,803,429.02	17,608,850.20	194,578.82	1.1
Fiscal Year 2008-09	19,010,946.98	18,909,365.23	101,581.75	0.5
Fiscal Year 2007-08	18,753,245.28	18,682,833.48	70,411.80	0.4
Fiscal Year 2006-07	17,437,890.06	17,383,580.77	54,309.29	0.3
San Dieguito Union High School District				
Fiscal Year 2010-11	\$80,119,083.15	\$75,718,239.39	\$4,400,843.76	5.5%
Fiscal Year 2009-10	81,004,699.18	80,113,330.55	891,368.63	1.1
Fiscal Year 2008-09	80,039,779.33	79,609,649.14	430,130.19	0.5
Fiscal Year 2007-08	75,099,905.54	74,825,957.21	273,948.33	0.4
Fiscal Year 2006-07	68,596,594.55	68,381,802.61	214,791.94	0.3
San Marcos Unified School District				
Fiscal Year 2010-11	\$32,733,823.58	\$30,941,106.31	\$1,792,717.27	5.5%
Fiscal Year 2009-10	32,933,166.86	32,572,066.44	361,100.42	1.1
Fiscal Year 2008-09	34,698,033.61	34,512,106.76	185,926.85	0.5
Fiscal Year 2007-08	34,176,297.85	34,049,905.22	126,392.63	0.4
Fiscal Year 2006-07	31,414,875.58	31,316,762.41	98,113.17	0.3
San Ysidro School District				
Fiscal Year 2010-11	\$15,470,205.06	\$14,620,848.55	\$849,356.51	5.5%
Fiscal Year 2009-10	15,354,835.42	15,182,918.95	171,916.47	1.1
Fiscal Year 2008-09	15,139,084.76	15,056,584.07	82,500.69	0.5
Fiscal Year 2007-08	13,395,713.64	13,343,464.01	52,249.63	0.4
Fiscal Year 2006-07	12,137,874.37	12,099,921.05	37,953.32	0.3

District; Fiscal Year	Total Tax Amount⁽¹⁾	Total Tax Amount Collected	Delinquent Tax Amount⁽²⁾	Delinquent Tax Amount as Percentage of Total Tax Amount
Santee Elementary School District				
Fiscal Year 2010-11	\$10,403,823.63	\$9,836,550.08	\$567,273.55	5.5%
Fiscal Year 2009-10	10,477,989.60	10,205,330.54	272,659.06	2.6
Fiscal Year 2008-09	11,137,821.15	10,945,296.39	192,524.76	1.7
Fiscal Year 2007-08	10,831,073.51	10,679,985.93	151,087.58	1.4
Fiscal Year 2006-07	10,048,817.30	10,017,587.22	31,230.08	0.3
Sweetwater Union High School District				
Fiscal Year 2010-11	\$62,504,802.14	\$59,194,724.66	\$3,310,077.48	5.3%
Fiscal Year 2009-10	64,103,336.41	63,399,070.04	704,266.37	1.1
Fiscal Year 2008-09	70,765,897.53	70,389,714.92	376,182.61	0.5
Fiscal Year 2007-08	68,703,088.82	68,445,989.11	257,099.71	0.4
Fiscal Year 2006-07	60,880,872.86	60,690,803.36	190,069.50	0.3

Source: San Diego County Office of Education.

⁽¹⁾ Total Tax Amount includes local secured and unsecured state unitary 1% tax, debt service tax and special assessments.

⁽²⁾ For informational purposes only. The County implemented the alternative method of apportionment commonly referred as the Teeter Plan in Fiscal Year 1993-94, pursuant to which the County advances to various taxing entities cash in an amount equal to the current year's delinquent property taxes and receives, in exchange, all penalty and interest revenues on such delinquent amounts. Delinquent Tax Amount represents the dollar value of tax due for delinquencies in the year shown that had not been collected as of June 30 of that year.

Largest Taxpayers. The following table sets forth the principal secured taxpayers in each District based on such District's 2010-11 assessed value.

PRINCIPAL SECURED TAXPAYERS
Fiscal Year 2010-11

Taxpayer	Nature of Business	2010-11 Assessed Value	Percentage of Total Assessed Value
Alpine Union School District			
1. JMS Acquisition LLC	Real Estate	\$43,064	1.98%
2. Alpine Creekside Inc	Apartments	17,071	0.78
3. New Albertsons Inc	Retailer	16,731	0.77
4. Alpine Convalescent Center	Hospital	15,701	0.72
5. K&S Property LLC	Apartments	10,587	0.49
Cardiff School District			
1. Collwood Pines Apartments LP	Real Estate	\$54,989	2.66%
2. Belmont Village Cardiff LP	Real Estate	33,467	1.62
3. Encinitas Terraces LLC	Apartments	14,023	0.68
4. Cardiff Town Center LLC	Real Estate	10,386	0.50
5. US Bank National Association	Bank	5,591	0.27
Carlsbad Unified School District			
1. LC Investment 2010 Inc	Hotel & Resort	\$232,484	1.46%
2. Aviara Resort Associates SPE LLC	Hotel & Resort	203,487	1.28
3. Plaza Camino Real	Shopping Mall	170,976	1.07
4. Legoland California LLC	Theme Park	126,478	0.79
5. Cabrillo Power I, LLC	Electric Utility	124,800	0.78
Chula Vista Elementary School District			
1. San Diego Expressway Limited Partnership	Toll Road	\$189,100	0.80%
2. GGP-Otay Ranch LP	Real Estate	175,336	0.74
3. Centermark Properties Inc DBA	Real Estate	128,568	0.54
4. Village II of Otay HB Sub	Not Available	124,887	0.53
5. EQR - Missions at Sunbow LLC	Apartments	90,540	0.38
Encinitas Union School District			
1. Continuing Life Communities LLC	Real Estate	\$229,290	1.71%
2. Fourth Quarter Properties XXX LLC	Shopping Center	84,075	0.63
3. Lofts at Moonlight Beach LLC	Real Estate	59,072	0.44
4. Santa Fe Ranch LLC	Real Estate	47,042	0.35
5. PK III Encinatas Marketplace LP	Shopping Center	40,223	0.30
Fallbrook Union High School District			
1. Camp Pendleton / Quantico Housing	Real Estate	\$1,099,420	13.79%
2. Orange Grove Energy, LP	Power Plant	97,740	1.23
3. De Luz Housing LLC	Real Estate	51,946	0.65
4. City of Riverside	Government	50,192	0.63
5. Spa Havens LP	Hotel & Resort	30,509	0.38

Taxpayer	Nature of Business	2010-11 Assessed Value	Percentage of Total Assessed Value
Grossmont Union High School District			
1. Parkway Plaza	Real Estate	\$200,685	0.56%
2. San Diego Family Housing LLC	Real Estate	193,072	0.54
3. Fairfield Grossmont Trolley LLC	Not Available	105,865	0.30
4. Rainbow Investment Co	Real Estate	88,472	0.25
5. SP Lavidia Real LLC	Retirement Facility	80,970	0.23
Jamul-Dulzura Union School District			
1. New Thousand Trails Inc	RV Park	\$8,110	0.75%
2. Otay Village Three Investments LLC	Not Available	4,927	0.46
3. City of San Diego	Government	3,594	0.33
4. Coscan Davidson Hidden Valley Inc	Real Estate	3,250	0.30
5. Otay Land Co LLC	Real Estate	1,425	0.13
La Mesa - Spring Valley School District			
1. Fairfield Grossmont Trolley LLC	Real Estate	\$105,865	1.06%
2. Rainbow Investment Co	Real Estate	88,472	0.88
3. Baltimore Owner LLC	Not Available	53,189	0.53
4. VSCRE Holdings LLC	Finance	45,068	0.45
5. ASN La Mesa LLC	Real Estate	37,264	0.37
Oceanside Unified School District			
1. Genentech Inc	Biotechnology	\$461,594	3.95%
2. PK II El Camino North LP	Real Estate	115,741	0.99
3. Wyndham Vacation Resorts Inc	Hotel & Resort	101,098	0.86
4. Piazza Doro LLC	Apartments	82,431	0.71
5. W2005 MRD Realty LLC	Real Estate	63,000	0.54
Ramona Unified School District			
1. Ramona Terrace Community LLC	Mobile Home Park	\$29,232	0.81%
2. Cox Com Inc <DBA Cox*Communication>	Cable Provider	25,707	0.71
3. Prebys Conrad Trust 12-17-82	Apartments	14,702	0.41
4. Alamo West Storage LLC	Storage	12,220	0.34
5. Starter Bros Markets	Supermarket	8,111	0.23
San Dieguito Union High School District			
1. Kilroy Realty LP	Real Estate	\$317,704	0.67%
2. Continuing Life Communities LLC	Real Estate	229,290	0.49
3. Irvine Co LLC	Real Estate	178,938	0.38
4. Union Investment Real Estate	Real Estate	154,261	0.33
5. Arden Realty Ltd Partnership	Real Estate	134,524	0.29
San Marcos Unified School District			
1. Prominence Willmark Communities	Apartments	\$85,546	0.60%
2. Camden USA Inc	Apartments	81,775	0.57
3. Kaiser Foundation Hospitals	Hospital	52,982	0.37
4. Denso Wireless Systems America Inc.	Manufacturer	49,293	0.35
5. Grand Plaza LLC	Shopping Center	48,006	0.34

Taxpayer	Nature of Business	2010-11 Assessed Value	Percentage of Total Assessed Value
San Ysidro School District			
1. Otay Mesa Generating Co LLC	Electric Utility	\$444,908	11.10%
2. Chelsea San Diego Finance LLC	Finance	264,521	6.60
3. SV Portfolio LP	Not Available	79,915	1.99
4. Corrections Corp of America	Corrections Management	76,437	1.91
5. Casoleil LP	Real Estate	63,918	1.59
Santee Elementary School District			
1. Vestar Kimco Santee LP	Shopping Center	\$44,219	0.93%
2. Sycamore Landfill Inc	Landfill	30,340	0.64
3. Wal-Mart Stores Inc	Commercial	27,857	0.59
4. Santee Partners LP	Apartments	27,041	0.57
5. HCA Arbors Apartments LLC	Apartments	26,295	0.55
Sweetwater Union High School District			
1. Otay Mesa Generating Co LLC	Electric Utility	\$444,908	1.33%
2. Chelsea San Diego Finance LLC	Finance	264,521	0.79
3. San Diego Expressway Limited Partnership	Toll Road	189,100	0.57
4. GGP-Otay Ranch LP	Real Estate	175,336	0.52
5. Centermark Properties Inc	Shopping Center	128,568	0.38

Source: San Diego County Office of Education unless otherwise noted.

Financial Statements

The Districts' financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the National Council on Governmental Accounting.

Funds and Accounting Groups used by the Districts are categorized as follows:

Government Funds

General Funds
Special Revenue Funds
Debt Service Funds
Proprietary Funds
Internal Service Funds
Enterprise Funds

Fiduciary Funds

Trust and Agency Funds

Accounting Groups

General Long-Term Debt Amount

The General Fund of each District, as shown in Appendices B and C, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not otherwise financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues shown therein are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The summaries of the financial statements included herein were prepared by the Districts using information from the Annual Financial Reports which are prepared by the directors of accounting for the Districts and audited by independent certified public accountants each year. Certain information, such as the General Fund Cash Flow Analyses and projected Fiscal Year 2011-12 budgets, was developed by each District's staff for use in this Official Statement. The projected budgets and estimates and timing of

receipts and disbursements in such Cash Flow Analyses are based on certain assumptions and should not be construed as statements of fact. The Districts' audited financial statements for the year ended June 30, 2010 are available from each District upon request to the respective District, and are summarized in this Appendix B under "Summary of Financial Information".

The summary general fund statements included in this Appendix B for the Districts do not purport to be complete and present only extracts from each respective District's financial statements.

Budgets of Districts

The Fiscal Year for all California school districts begins on the first day of July of each year and ends on the 30th day of June of the following year. On or before July 1 of each year, the governing board of each school district, including the Districts, is required to file an adopted budget with the County Superintendent of Schools. On or before August 15 of each year, the County Superintendent of Schools is required to examine and approve, conditionally approve or disapprove the adopted budget for each school district. If an adopted budget is disapproved, then on or before September 8 of such year, such school district and the County Superintendent of Schools must make certain revisions to the budget, adopt the revised budget, and file the revised budget with the County Superintendent of Schools.

If the revised budget of a school district is disapproved, the County Superintendent of Schools is empowered by law to oversee the management of such school district for that Fiscal Year, with the authority to monitor and review the operation of such district, to develop and adopt a fiscal plan and budget for such district, and to stay and rescind actions that are inconsistent with that budget.

The County school service fund (the "Service Fund") of the County Office of Education is employed by the County Superintendent of Schools to pay such charges against the Service Fund as are permitted by the California Education Code, including expenses of the County Superintendent of Schools and the County Board of Education. The County Superintendent of Schools must submit to the State Superintendent of Public Instruction (1) a tentative budget, on or before June 30 of each year, and (2) a final budget, on or before September 8 of each year (collectively, the "Service Fund Budget"), which outlines anticipated revenues to and expenditures from the Service Fund for the succeeding Fiscal Year, including the anticipated revenues and expenditures of the County Office of Education of the County Superintendent of Schools. The Service Fund Budget is subject to review and approval by the County Board of Education. The County Board of Education must hold a public hearing on the proposed Service Fund Budget and, following such public hearing, the final Service Fund Budget must be adopted by the Board of Education before being filed with the Superintendent of Public Instruction. The final Service Fund Budget is subject to review and approval by the Superintendent of Public Instruction.

The California State Department of Education imposes a uniform budgeting format for each school district in the State. The Districts are required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. See " - Recent State Budgets - Potential Impact of the 2011-12 Proposed State Budget and May Revision to the 2011-12 Proposed State Budget on the Districts" herein.

Fiscal Status Reports and Interim Certifications

The Education Code of the State of California (Section 42133 et seq.) requires each school district to report and certify two times during the Fiscal Year whether it is able to meet its financial obligations for the remainder of such Fiscal Year and, based on current forecasts, for the subsequent two Fiscal Years. The first report covers the period ending October 31 and the second report covers the

period ending January 31. Such certifications are based on the governing board's assessment based on standards and criteria for fiscal stability adopted by the State Board of Education and the State Superintendent of Public Instruction. Each certification is required to be classified as positive, qualified, or negative on the basis of a review of the respective report against such criteria, but may include additional financial information known by the governing board to exist at the time of each certification. Such certifications are to be filed with the County Superintendent of Schools within 45 days after the close of the period being reported and, in the event of a negative or qualified certification, to the State Controller and the State Superintendent of Public Instruction. The County Superintendent of Schools must review each report and must approve or revise the certification if necessary. A negative certification is to be assigned to any school district that likely will be unable to meet its financial obligations for the remainder of the Fiscal Year or for which existing expenditure practices jeopardize the ability of the district to meet its multi-year financial commitments. A qualified certification is to be assigned to any school district that may not meet its obligations for the current Fiscal Year or two subsequent Fiscal Years. Any school district that has a qualified or negative certification in any Fiscal Year may not issue, in that Fiscal Year or in the next fiscal succeeding year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the County Superintendent of Schools determines that the district's repayment of indebtedness is probable.

La Mesa-Spring Valley School District, Ramona Unified School District and San Marcos Unified School District each filed a qualified certification in connection with its respective Fiscal Year 2010-11 second interim financial report. However, each such District expects to be able to meet its debt obligations in the current and next succeeding two fiscal years based upon budget revisions to be made in connection with future submissions of its financial reports. Except for the aforementioned Districts, each of the Districts have filed positive certifications with the County Superintendent of Schools for each Fiscal Year 2010-11 reporting period for which a certificate has been filed and the County Superintendent of Schools has not made any qualified or negative determination with respect to any such certifications.

Copies of the reports and certifications of each of the Districts may be obtained upon request from the San Diego County Office of Education, Executive Director, District Financial Services, 6401 Linda Vista Road, San Diego, California 92111, telephone: 858-292-3537.

Insurance

Each District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverage for property damage, fire and theft, general public liability and worker's compensation with respect to its respective facilities, personnel and operations, as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, each District believes that the recorded liabilities for its self-insured claims are adequate.

Retirement

Each of the Districts participates in retirement plans with the California State Teachers' Retirement System ("CalSTRS"), which covers all full-time certificated District employees, and the California Public Employees' Retirement System ("CalPERS"), which covers certain classified employees. Classified school personnel who are employed four or more hours per day may participate in CalPERS.

CalSTRS. Historically, the Districts' contributions to CalSTRS have been made based on a fixed percentage of the payroll of covered employees. The State has paid all amounts owing to CalSTRS in any

year that is in addition to the fixed contribution rate. As such, the Districts have not historically been responsible for any unfunded liability and the Districts' contribution rate has not fluctuated year to year. Active CalSTRS plan members are required to contribute 8% of their salary and the Districts are required to contribute at an actuarially determined rate, which was 8.25% of annual payroll for Fiscal Year 2009-10 and will be __% of annual payroll for Fiscal Year 2010-11. The actuarial methods and assumptions used for determining the contribution rates are those adopted by the CalSTRS retirement board. The contribution requirements of the plan members are established by State statute.

From time to time, proposals have been suggested that would modify the Districts' obligations to make contributions to CalSTRS closely parallel the full cost of the retirement benefits provided by CalSTRS, which proposals would include components for unfunded liability. If these proposals were adopted, the Districts' annual obligations to CalSTRS may substantially increase.

CalPERS. All qualifying classified employees of K through 12 school districts and community college districts in the State are members in CalPERS, and all of such districts participate in the same plan. As such, all such districts share the same contribution rate in each year. However, unlike school districts' participation in CalSTRS, the school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability.

Employees of the State and other California public agencies (including school district employees) are included in the State and Schools plans of CalPERS (the "State and Schools Plan"). According to the CalPERS State and Schools Actuarial Valuation as of June 30, 2009 (the "2009 CalPERS Valuation"), the schools portion of the State and Schools Plan had as of June 30, 2009 a funded ratio of 65.0%, based on a market value of assets of \$34.1 billion and an entry age normal accrued liability of approximately \$52.5 billion. The 2009 CalPERS Valuation set forth for Fiscal Year 2010-11 an employer contribution rate of 10.707% for school districts, which reflects an increase from the 9.70% employer contribution rate for Fiscal Year 2009-10. Active plan members are required to contribute 7% of their salary. The actuarial methods and assumptions used for determining the rates are those adopted by the CalPERS board of administration. The contribution requirements of the plan members are established by State statute.

The following table sets forth the funded status for the schools portion of the CalPERS State and Schools Plan from Fiscal Year 2004-05 through Fiscal Year 2008-09.

CALPERS FUNDED STATUS
Schools Portion of State and Schools Plans
Fiscal Years 2004-05 through 2008-09
(in millions)

Fiscal Year End June 30	Entry Age Normal Accrued Liability	Valuation Value of Assets	Market Value of Assets	Unfunded Liability /(Surplus)⁽¹⁾	Funded Ratio⁽¹⁾
2005	\$38,367.52	\$35,800.94	\$36,898.25	\$1,469.27	96.2%
2006	41,408.65	38,460.90	40,852.35	556.31	98.7
2007	44,810.07	41,578.62	48,292.93	(3,482.86)	107.8
2008	48,537.68	44,566.38	45,547.90	2,989.78	93.8
2009	52,493.08	46,675.76	34,146.45	18,346.63	65.0

Source: CalPERS State & Schools Actuarial Valuation as of the indicated year.

⁽¹⁾ Based on market value of assets.

Additional Retirement Programs. Certain Districts participate in additional retirement programs for employees not currently covered by CalSTRS or CalPERS. Carlsbad Unified School District and Fallbrook Union High School District provide a pre-tax retirement program known as the “3121 Plan/Social Security Alternative” through the Fringe Benefits Consortium (the “FBC”) to permanent part-time employees and temporary or substitute workers. Chula Vista Elementary School District offers benefits through Public Agency Retirement Services (“PARS”) to employees who are not members of CalSTRS or CalPERS. Grossmont Union High School District offers benefits through the Accumulation Program for Part-Time and Limited-Service Employees, which is a defined benefit program. In Fiscal Year 2008-09, Sweetwater Union High School District offered an early retirement incentive through the PARS Supplementary Retirement Plan. In Fiscal Year 2010-11, Cardiff School District offered to teachers an early retirement incentive in the aggregate amount of \$10,000, which is being paid to participants over two years.

Post-Retirement Health Care. In addition to employee health care costs, many of the Districts provide post-employment health care benefits in accordance with collective bargaining agreements. Some of these arrangements place limits on these benefits, such as an aggregate limit on the respective District’s costs or a termination of the health care benefits upon the retiree reaching age 65. Most Districts providing post-employment health care benefits do so on a pay-as-you-go basis, paying an amount in each Fiscal Year equal to the benefits distributed or disbursed in that Fiscal Year. Chula Vista Elementary School District has established a California Employers’ Retiree Benefit Trust to prefund certain of its OPEB liabilities.

On June 21, 2004, the Governmental Accounting Standards Board (“GASB”) released its Governmental Accounting Standards Board Statement No. 45 (“Statement No. 45”), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 45 establishes standards for measuring, recognizing and disclosing post-employment healthcare as well as other forms of post-employment benefits, such as life insurance, when provided separately from a pension plan expense or expenditures and related liabilities in the financial reports of state and local governments (such other post-employment benefits are referred to herein as “OPEB”). Under Statement No. 45,

governments will be required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting in periods that approximate employees' years of service; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, those benefits have been funded; and (iii) provide information useful in assessing potential demands on the employer's future cash flows. The Districts' post-employment health benefits fall under Statement No. 45.

The core requirement of Statement No. 45 is that at least biennially an actuarial analysis must be prepared with respect to projected benefits ("Plan Liabilities"); against this would be measured the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, then similar to the actuarial and accounting practices for pension plan liabilities, the difference would be amortized over a period which could be up to 30 years. The method of financial reporting for OPEB costs would be similar to financial reporting for pension plan normal costs and unfunded actuarial accrued liability. The requirements that Statement No. 45 impose on the Districts only affect the Districts' financial statements and would not impose any requirements regarding the funding of any OPEB plans.

The Districts that provide post-employment health care benefits have determined their accrued actuarial liability for OPEB, which represents the costs and obligations incurred as a consequence of receiving services of current employees and retirees, for which benefits are owed in exchange. The following table sets forth each District's accrued actuarial liability for OPEB and the unfunded portion thereof.

OTHER POST-EMPLOYMENT BENEFITS LIABILITY

District	As of Date of Valuation	Accrued Actuarial Liability	Unfunded Accrued Actuarial Liability
Alpine Union School District	July 1, 2008	\$ 2,653,390	\$ 2,653,390
Cardiff School District	July 1, 2009	401,395	401,395
Carlsbad Unified School District	July 1, 2010	21,311,881	21,311,881
Chula Vista Elementary School District	July 1, 2010	17,051,918	13,840,146
Encinitas Union School District	July 1, 2009	6,832,501	6,832,501
Fallbrook Union High School District	June 30, 2010	8,660,004	8,660,004
Grossmont Union High School District	July 1, 2008	39,415,630	39,415,630
Jamul-Dulzura Union School District	N/A	N/A	N/A
La Mesa-Spring Valley School District	July 1, 2009	19,541,387	19,541,387
Oceanside Unified School District	April 1, 2009	6,935,923	6,935,923
Ramona Unified School District	N/A	N/A	N/A
San Dieguito Union High School District	July 1, 2008	13,005,147	13,005,147
San Marcos Unified School District	July 1, 2010	68,914,000	68,914,000
San Ysidro School District	July 1, 2008	4,658,106	4,658,106
Santee Elementary School District	July 1, 2009	14,486,779	14,486,779
Sweetwater Union High School District	July 1, 2008	48,086,562	48,086,562

Source: The Districts, respectively.

Temporary Transfers and Use of One-Time Revenues

Temporary Transfer. Alpine Union School District and La Mesa-Spring Valley School District have received temporary transfers of funds from the Treasurer-Tax Collector of the County (each, a “Temporary Transfer” and collectively, the “Temporary Transfers”; such transfer is also referred to as a Treasurer’s Loan from time to time) for Fiscal Year 2010-11. A Temporary Transfer must be repaid from the Treasury Pool participant’s first revenues received thereafter before any other obligation and thus, in the case of the aforementioned Districts, would have a priority over such Districts’ general fund debt obligations. The Temporary Transfers for Alpine Union School District and La Mesa-Spring Valley School District are scheduled to be repaid in July 2011. Each District may require the County to provide such District with a Temporary Transfer even after the Note Participations are issued, to the extent that there are revenues available therefor. See APPENDIX A – “COUNTY OF SAN DIEGO FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION – County Financial Information – Temporary Transfers” for a description of Temporary Transfers.

Use of One-Time Revenues. Certain Districts have used in Fiscal Year 2010-11 and/or will use in Fiscal Year 2011-12 one-time revenues on on-going expenditures. In particular, one-time revenues provided under the Recovery and Reinvestment Act were used for on-going expenditures in Fiscal Year 2010-11 by Alpine Union School District, Carlsbad Unified School District, Fallbrook Union High School District and San Dieguito Union High School District. Carlsbad Unified School District also used mandated cost claim reimbursements and general fund reserve balances to finance on-going expenses in Fiscal Year 2010-11; the use of general fund amounts is expected to continue into Fiscal Year 2011-12. Fallbrook Union High School District also used amounts from its special reserves (other than capital outlay) in Fiscal Year 2010-11; the use of amounts from the special reserves is expected to continue into Fiscal Year 2011-12. Ramona Unified School District used one-time revenues from its reserves and proceeds from the sale of property to help pay for on-going expenditures in the current and upcoming budget year. Santee Elementary School District used one-time funds from House of Representatives bill H.R. 1586, as amended to include the Education Jobs Fund, to finance on-going expenditures in Fiscal Year 2010-11. Sweetwater Union High School District anticipates the use of one-time revenues to finance on-going expenditures in Fiscal Year 2011-12.

Certifications of the Districts

General. Except as described herein, each of the Districts has certified to each of the following:

1. Such District has not defaulted on any lease or any other debt obligation in the last 10 years;
2. Such District has not been named a party in any pending litigation where the District faces a potential liability of more than \$1 million or for which the District has been notified by any of its insurance carriers that coverage is not available; and
3. Such District has not in the past five years, failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12, promulgated by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), to provide annual reports or notices of material events.

Exceptions.

Compliance with Continuing Disclosure Obligations.

Alpine Union School District had not filed, prior to 2010, an event notice in connection with downgrades of one issue of insured general obligation bonds issued in 1997. Such notice was subsequently filed.

Cardiff School District had not filed annual reports, including audited financial statements, for Fiscal Years 2003-04 through 2007-08 in accordance with the continuing disclosure certificate executed in connection with general obligation bonds issued in 2000. Each required annual report and audited financial statement was subsequently filed.

Carlsbad Unified School District had not filed, prior to 2009, an event notice in connection with the downgrade of one issue of insured general obligation bonds. Such notice was subsequently filed.

Encinitas Union School District had not filed, prior to 2010, an event notice in connection with downgrades of insured general obligation bonds issued in 1996. Such notice was subsequently filed.

Fallbrook Union High School District had not filed, prior to 2010, an event notice in connection with downgrades of one series of insured general obligation bonds issued in 1998. In 2011, the District did not timely file its annual report, including audited financial statement, for Fiscal Year 2009-10. The material event notice was subsequently filed. The District is in the process of filing its annual report and audited financial statement for Fiscal Year 2009-10 through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

Grossmont Union High School District had not filed, prior to 2010, an event notice in connection with downgrades of three series of insured general obligation bonds issued in 2004, 2006 and 2008, respectively, and the upgrade of one series of general obligation bonds issued 2009. Such notices were subsequently filed.

Jamul-Dulzura Union School District did not timely file its annual report for fiscal year 2009-10 and its annual reports, including audited financial statements, for Fiscal Years 2005-06 and 2006-07 in accordance with the continuing disclosure certificate executed in connection with general obligation bonds issued in 2004. Each required annual report and audited financial statement was subsequently filed.

The La Mesa-Spring Valley School District had not filed, prior to 2009, event notices in connection with downgrades of certain of its insured general obligation bonds and did not file annual reports, including audited financial statements, for Fiscal Years 2004-05 through 2008-09 in accordance with the continuing disclosure certificate executed in connection with general obligation bonds issued in 2005. Each notice, annual report and audited financial statement was subsequently filed.

Ramona Unified School District did not timely file its annual reports, including audited financial statements, for Fiscal Years 2006-07 through 2009-10 in accordance with the continuing disclosure certificate executed in connection with certificates of participation executed and delivered in 2007. The District is in the process of filing its outstanding annual reports and audited financial statements through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system.

San Marcos Unified School District agreed to provide continuing disclosure on behalf of certain school facilities improvement districts and community facility districts that issued obligations to finance

projects of the District. The District did not timely file the annual reports, including audited financial statements, for Fiscal Years 2008-09 and 2009-10 with respect to general obligation bonds issued in 1996. Each annual report and audited financial statement was subsequently filed.

Pending Litigation. On April 19, 2007, a class action lawsuit was filed against Sweetwater Union High School District and certain of its officials in United States District Court, Southern District of California. The complaint alleged, among other things, that such District failed to provide equal athletic opportunities to female students at Castle Park High School. The plaintiffs are seeking attorney's fees in excess of \$2,000,000 and an injunction. The District has, and will continue to, vigorously defend against this action. The bench trial has concluded and the District is awaiting a verdict, which is expected within the next year. The liability resulting from such claims, if any, is not expected to materially adversely impact the District's ability to pay principal and interest on its Note as it becomes due and payable.

SUMMARY OF FINANCIAL INFORMATION

The following tables provide a summary of certain financial information of the Districts.

	Alpine Union School District				Cardiff School District				Carlsbad Unified School District			
	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted
INCOME STATEMENT												
Total Revenues	17,880,025	19,035,428	14,937,431	15,780,744	7,213,168	7,516,404	7,369,351	7,177,649	86,090,419	87,826,266	84,111,508	80,344,076
Total Expenditures	17,966,140	17,420,288	16,427,568	15,707,059	6,862,166	7,211,115	6,940,768	7,042,938	81,547,117	82,624,219	83,371,514	86,863,784
Total Other Financing Sources	(86,000)	(1,205,947)	1,129,000	0	(51,953)	(40,000)	(43,865)	(60,535)	(1,242,076)	(1,271,443)	(2,489,339)	1,118,472
Net Income	(172,115)	409,193	(361,137)	73,685	299,049	265,289	384,718	74,176	3,301,226	3,930,604	(1,749,345)	(5,401,236)
Beginning Fund Balance	2,150,374	1,978,259	2,387,452	2,026,315	479,518	778,567	1,043,856	1,428,575	9,709,801	13,011,026	16,941,630	16,712,892
Adjustments + Transfers	0	0	0	0	0	0	0	0	0	0	1,520,607	0
Ending Fund Balance	1,978,259	2,387,452	2,026,315	2,100,000	778,567	1,043,856	1,428,575	1,502,751	13,011,027	16,941,630	16,712,892	11,311,656
BALANCE SHEET												
Total Assets	2,360,120	4,139,758	2,442,059		852,389	1,251,304	1,640,513		20,475,456	19,976,629	19,418,604	
Total Liabilities	381,861	1,752,306	415,744		73,822	207,448	211,938		7,464,429	3,034,999	2,705,712	
Total Fund Equity	1,978,259	2,387,452	2,026,315		778,567	1,043,856	1,428,575		13,011,027	16,941,630	16,712,892	
Total Liabilities and Fund Equity	2,360,120	4,139,758	2,442,059		852,389	1,251,304	1,640,513		20,475,456	19,976,629	19,418,604	

	Chula Vista Elementary School District				Encinitas Union School District				Fallbrook Union High School District			
	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted
INCOME STATEMENT												
Total Revenues	193,113,911	189,650,276	178,487,637	187,665,086	45,989,775	48,727,590	46,982,662	45,991,664	28,763,796	29,275,299	26,758,310	27,142,886
Total Expenditures	197,573,244	188,428,389	192,113,073	192,225,259	46,667,944	48,519,897	47,919,341	48,437,714	27,885,432	27,765,584	28,178,982	28,891,574
Total Other Financing Sources	3,212,800	5,422,638	4,232,595	4,920,400	285,067	(656,840)	212,099	1,266,197	(723,418)	(394,717)	368,164	918,000
Net Income	(1,246,533)	6,644,525	(9,392,841)	360,227	(393,102)	(449,147)	(724,580)	(1,179,853)	154,946	1,114,998	(1,052,508)	(830,688)
Beginning Fund Balance	32,369,702	31,123,169	37,767,694	32,142,322	8,704,710	8,311,608	7,862,461	7,137,881	2,520,089	2,675,035	3,790,033	2,737,525
Adjustments + Transfers	0	0	3,767,469	0	0	0	0	0	0	0	0	0
Ending Fund Balance	31,123,169	37,767,694	32,142,322	32,502,548	8,311,608	7,862,461	7,137,881	5,958,028	2,675,035	3,790,033	2,737,525	1,906,837
BALANCE SHEET												
Total Assets	39,491,197	50,284,433	39,720,134		10,727,856	9,687,849	9,757,632		3,480,119	4,467,293	3,362,302	
Total Liabilities	8,368,028	12,516,739	7,577,812		2,416,248	1,825,388	2,619,751		805,084	677,260	624,777	
Total Fund Equity	31,123,169	37,767,694	32,142,322		8,311,608	7,862,461	7,137,881		2,675,035	3,790,033	2,737,525	
Total Liabilities and Fund Equity	39,491,197	50,284,433	39,720,134		10,727,856	9,687,849	9,757,632		3,480,119	4,467,293	3,362,302	

	Grossmont Union High School District				Jamul-Dulzura Union School District				La Mesa-Spring Valley School District			
	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted
INCOME STATEMENT												
Total Revenues	191,607,704	191,609,359	180,710,586	201,996,057	8,540,432	8,607,300	7,267,672	7,069,320	107,422,246	106,340,577	91,686,831	97,340,108
Total Expenditures	190,406,794	188,071,249	185,844,642	192,335,272	8,799,246	8,443,067	7,332,974	7,191,902	111,387,747	109,053,418	100,054,083	100,102,557
Total Other Financing Sources	(3,112,511)	6,505,210	(4,810,716)	(5,300,489)	(6,616)	(6,889)	(4,212)	69,001	(427,134)	557,138	1,454,371	1,211,600
Net Income	(1,911,601)	10,043,320	(9,944,772)	4,360,296	(265,430)	157,344	(69,514)	(53,581)	(4,392,635)	(2,155,703)	(6,912,881)	(1,550,849)
Beginning Fund Balance	24,539,056	22,627,455	32,670,775	22,726,003	902,276	636,846	794,190	724,676	22,021,377	17,628,742	15,473,039	8,560,158
Adjustments + Transfers	0	0	0	0	0	0	0	0	0	0	0	0
Ending Fund Balance	22,627,455	32,670,775	22,726,003	27,086,299	636,846	794,190	724,676	671,095	17,628,742	15,473,039	8,560,158	7,009,309
BALANCE SHEET												
Total Assets	31,833,739	41,694,465	33,805,256		911,629	1,438,210	1,132,739		20,134,190	19,158,308	16,536,917	
Total Liabilities	9,206,284	9,023,690	11,079,253		274,783	644,020	408,063		2,505,448	3,685,269	7,976,759	
Total Fund Equity	22,627,455	32,670,775	22,726,003		636,846	794,190	724,676		17,628,742	15,473,039	8,560,158	
Total Liabilities and Fund Equity	31,833,739	41,694,465	33,805,256		911,629	1,438,210	1,132,739		20,134,190	19,158,308	16,536,917	

	Oceanside Unified School District				Ramona Unified School District				San Dieguito Union High School District			
	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted
INCOME STATEMENT												
Total Revenues	172,300,196	177,033,919	157,233,669	165,112,534	55,018,276	55,842,535	49,076,954	50,662,296	103,023,355	105,980,190	97,572,145	97,003,937
Total Expenditures	176,517,258	171,763,345	166,890,105	160,677,484	53,895,503	53,847,193	50,333,349	54,345,924	102,869,879	101,693,443	99,753,940	101,844,018
Total Other Financing Sources	(2,405,568)	(927,706)	(40,279)	(10,027)	(288,412)	189,289	33,584	889,000	(203,626)	(43,465)	(13,275)	481,173
Net Income	(6,622,630)	4,342,868	(9,696,715)	4,425,023	834,361	2,184,631	(1,222,811)	(2,794,628)	(50,150)	4,243,282	(2,195,070)	(4,358,908)
Beginning Fund Balance	26,980,360	20,357,730	24,700,598	15,003,883	4,927,957	5,762,318	8,552,469	7,329,658	12,526,226	12,476,076	16,719,358	16,527,171
Adjustments + Transfers	0	0	0	0	0	0	0	0	0	0	2,002,883	0
Ending Fund Balance	20,357,730	24,700,598	15,003,883	19,428,906	5,762,318	7,946,949	7,329,658	4,535,030	12,476,076	16,719,358	16,527,171	12,168,263
BALANCE SHEET												
Total Assets	27,359,062	33,631,854	33,892,445		6,729,522	11,674,304	8,311,914		14,305,594	25,705,117	20,452,328	
Total Liabilities	7,001,332	8,931,256	18,888,562		967,204	3,727,355	982,256		1,829,518	8,985,759	3,925,157	
Total Fund Equity	20,357,730	24,700,598	15,003,883		5,762,318	7,946,949	7,329,658		12,476,076	16,719,358	16,527,171	
Total Liabilities and Fund Equity	27,359,062	33,631,854	33,892,445		6,729,522	11,674,304	8,311,914		14,305,594	25,705,117	20,452,328	

	San Marcos Unified School District				San Ysidro School District				Santee Elementary School District			
	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted
INCOME STATEMENT												
Total Revenues	132,608,156	136,272,800	126,828,372	137,674,894	45,822,934	45,593,598	38,816,908	42,917,219	52,663,683	51,906,276	47,616,301	46,872,210
Total Expenditures	134,237,270	134,820,460	134,644,446	143,136,056	48,311,699	45,492,522	40,442,898	43,942,250	53,671,855	49,896,414	46,706,889	44,664,896
Total Other Financing Sources	(352,057)	(24,147)	517,370	(186,200)	(313,962)	(169,205)	300,000	1,711,149	(405,172)	(2,783,012)	(244,173)	(122,478)
Net Income	(1,981,171)	1,428,193	(7,298,704)	(5,647,362)	(2,802,727)	(68,129)	(1,325,990)	686,118	(1,413,344)	(773,150)	665,239	2,084,836
Beginning Fund Balance	25,530,681	23,549,510	24,977,703	19,877,997	9,600,769	6,798,042	6,729,913	5,403,923	8,440,314	7,026,970	6,253,820	6,919,059
Adjustments + Transfers	0	0	2,198,998	0	0	0	0	0	0	0	0	0
Ending Fund Balance	23,549,510	24,977,703	19,877,997	14,230,635	6,798,042	6,729,913	5,403,923	6,090,041	7,026,970	6,253,820	6,919,059	9,003,895
BALANCE SHEET												
Total Assets	28,165,150	29,613,518	23,621,687		8,567,377	8,746,660	7,734,136		8,884,792	11,158,603	9,723,947	
Total Liabilities	4,615,640	4,635,815	3,743,690		1,769,335	2,016,747	2,330,213		1,857,822	4,904,783	2,804,888	
Total Fund Equity	23,549,510	24,977,703	19,877,997		6,798,042	6,729,913	5,403,923		7,026,970	6,253,820	6,919,059	
Total Liabilities and Fund Equity	28,165,150	29,613,518	23,621,687		8,567,377	8,746,660	7,734,136		8,884,792	11,158,603	9,723,947	

	Sweetwater Union High School District			
	6/30/08 Audited	6/30/09 Audited	6/30/10 Audited	6/30/11 Budgeted
INCOME STATEMENT				
Total Revenues	362,896,821	382,094,372	342,416,134	342,684,895
Total Expenditures	366,304,596	369,521,605	346,867,338	345,803,876
Total Other Financing Sources	545,331	(11,419,998)	(116,747)	(13,841,064)
Net Income	(2,862,444)	1,152,769	(4,567,951)	(16,960,046)
Beginning Fund Balance	43,725,558	40,863,114	42,015,883	37,447,932
Adjustments + Transfers	0	0	0	1,666,036
Ending Fund Balance	40,863,114	42,015,883	37,447,932	22,153,922
BALANCE SHEET				
Total Assets	61,848,879	93,195,768	91,219,201	
Total Liabilities	20,985,765	51,179,885	53,771,269	
Total Fund Equity	40,863,114	42,015,883	37,447,932	
Total Liabilities and Fund Equity	61,848,879	93,195,768	91,219,201	

APPENDIX C

2011-12 CASH FLOW PROJECTIONS OF THE DISTRICTS

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SERIES B-1 PARTICIPANTS

Cardiff School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,327,819	1,750,492	1,235,025	859,208	487,153	206,590	1,633,643	1,752,462	1,300,504	1,009,804	1,803,834	1,776,592	1,327,819
Receipts													
State Aid Apportionment	-	613	632	264	-	503	201	13	-	208	26	-	2,460
Property Taxes	3,055	55,615	57,692	57,131	140,239	1,933,775	678,944	57,240	139,960	1,525,178	475,696	193,890	5,318,415
Special Education	-	-	-	54,074	25,614	51,228	25,614	2,288	-	36,473	4,487	-	199,778
Pupil Trans-Special Educ.	-	-	-	-	-	-	-	-	-	-	-	-	-
Pupil Transportation	-	-	-	-	12,478	3,035	-	6,070	-	6,070	3,035	3,037	33,725
EIA	-	-	-	-	-	26,194	-	14,402	-	13,532	-	-	67,660
CSR K-3	-	-	-	-	-	110,581	-	-	118,561	-	-	-	229,142
Lottery	22,663	-	-	23,927	-	-	22,701	-	-	23,769	-	-	93,061
Flexible State Programs	-	-	-	7,074	96,585	24,919	49,098	22,662	-	46,726	22,758	23,795	293,617
Other State	(86,099)	-	-	(14,818)	(14,818)	(129,457)	24,087	(3,604)	872	(6,337)	(2,732)	(2,734)	(220,823)
09/10 Deferrals	115,252	19,178	9,071	-	-	-	-	-	-	-	-	-	143,501
Federal	-	-	117,351	-	-	37,164	27,862	-	33,369	33,369	33,369	33,369	315,853
Other Local	46,857	11,088	9,758	126,082	19,481	16,728	141,149	40,374	31,235	31,235	31,235	31,235	536,454
Transfers In	1,321	-	-	-	-	-	-	3,000	10,000	5,000	-	10,000	29,321
Other Cash Inflows	17,433	2,336	24,932	15,556	16,979	10,778	37,145	10,557	-	-	-	-	135,714
TRANs Related Receipts	572,811	-	-	-	-	-	-	-	-	-	-	-	572,811
Total Receipts	693,293	88,830	219,435	284,108	296,558	2,085,447	1,006,802	153,001	347,528	1,701,690	581,405	292,591	7,750,689
Disbursements													
Salaries & Benefits	138,292	387,820	516,964	536,716	517,786	522,450	530,705	518,728	542,471	519,348	528,093	526,090	5,785,462
Commercial Warrant Exp	123,905	128,075	64,262	84,492	51,277	78,695	53,943	76,209	88,173	88,468	72,972	121,510	1,031,981
Transfers Out	8,299	76,118	8,000	-	-	49,593	-	-	-	-	-	-	142,010
Other Cash Outflows	125	12,284	6,027	34,954	8,058	7,657	11,075	10,023	7,583	7,583	7,583	7,583	120,535
TRANs Related Disbursements	-	-	-	-	-	-	292,260	-	-	292,260	-	-	584,519
Total Disbursements	270,621	604,297	595,252	656,163	577,121	658,394	887,983	604,959	638,228	907,659	608,648	655,183	7,664,508
Ending Cash Balance	1,750,492	1,235,025	859,208	487,153	206,590	1,633,643	1,752,462	1,300,504	1,009,804	1,803,834	1,776,592	1,414,000	1,414,000

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,414,000	1,750,189	1,309,126	787,543	399,437	16,035	1,455,615	1,015,136	758,738	353,548	1,386,507	1,337,954	1,414,000
Receipts													
State Aid Apportionment	-	-	(52,614)	-	-	-	(101,720)	(1,222)	-	(8,595)	(2,690)	-	(166,841)
Property Taxes	-	-	82,194	63,929	101,195	1,957,844	525,855	254,815	50,598	1,517,928	473,431	266,204	5,293,992
Special Education	-	-	35,024	-	27,410	27,410	77,662	2,108	-	14,818	4,635	-	189,067
Pupil Trans-Special Educ.	-	-	-	-	-	-	-	-	-	-	-	-	-
Pupil Transportation	1,686	1,686	3,035	3,035	3,035	3,035	3,035	3,035	-	6,070	3,035	3,038	33,725
EIA	-	-	-	-	27,064	-	-	13,532	-	13,532	13,532	-	67,660
CSR K-3	-	-	-	110,581	-	-	-	-	132,697	-	-	-	243,278
Lottery	23,502	-	-	23,502	-	-	23,502	-	-	23,501	-	-	94,007
Flexible State Programs	2,318	2,318	31,205	4,931	22,561	22,561	87,944	22,643	-	45,699	22,742	23,797	288,719
Other State	2,598	2,598	(87,497)	2,598	2,598	2,598	(171,584)	504	2,598	(12,121)	(2,007)	2,600	(254,517)
10/11 Deferrals	243,955	21,484	27,310	-	-	-	-	-	-	-	-	-	292,749
Federal	22,503	22,503	22,503	22,503	22,503	22,503	22,503	22,503	22,503	22,503	22,503	22,503	270,036
Other Local	31,235	31,235	31,235	31,235	31,235	31,235	31,235	31,235	31,235	31,235	31,235	31,229	374,814
Transfers In	-	-	-	-	-	-	-	-	-	-	-	20,000	20,000
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	305,000	-	-	-	-	-	-	-	-	-	-	-	305,000
Total Receipts	632,797	81,824	92,395	262,314	237,601	2,067,186	498,432	349,153	239,631	1,654,570	566,416	369,371	7,051,689
Disbursements													
Salaries & Benefits	148,929	385,186	512,617	520,988	537,175	535,158	526,992	521,245	551,448	527,942	536,831	534,795	5,839,304
Commercial Warrant Exp	122,679	132,701	96,362	124,431	78,829	87,448	101,919	79,306	88,373	88,669	73,137	121,786	1,195,641
Transfers Out	20,000	-	-	-	-	-	-	-	-	-	-	-	20,000
Other Cash Outflows	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
TRANs Related Disbursements	-	-	-	-	-	-	305,000	-	-	-	-	-	305,000
Total Disbursements	296,608	522,887	613,978	650,419	621,004	627,606	938,911	605,550	644,821	621,611	614,969	661,581	7,419,945
Ending Cash Balance	1,750,189	1,309,126	787,543	399,437	16,035	1,455,615	1,015,136	758,738	353,548	1,386,507	1,337,954	1,045,744	1,045,744

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/10
Special Revenue	Deferred Maintenance	258,515	325,000
Total		258,515	300,000

* Represents the maturity date

Encinitas Union School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	6,740,107	6,729,016	4,105,925	2,845,750	1,607,598	1,755,596	8,777,593	5,693,652	2,501,488	79,100	6,464,756	7,557,920	6,740,107
Receipts													
State Aid Apportionment	-	44,255	45,657	19,006	-	36,306	14,522	717	-	11,434	1,407	-	173,304
Property Taxes	19,004	341,302	354,047	350,606	860,629	11,810,898	4,151,206	349,031	849,749	9,358,858	2,918,997	1,270,892	32,635,219
Special Education	-	-	-	394,973	187,093	374,186	187,093	16,713	-	266,399	32,773	-	1,459,230
Pupil Trans-Special Educ.	-	-	-	-	23,955	5,827	-	11,654	-	11,654	5,827	5,827	64,744
Pupil Transportation	-	-	-	-	84,579	20,573	-	41,146	-	41,146	20,573	20,574	228,591
EIA	-	-	-	-	-	138,197	-	74,522	-	70,906	-	70,906	354,531
CSR K-3	-	-	-	-	-	801,644	-	-	715,178	-	-	-	1,516,822
Lottery	171,105	-	-	180,647	-	-	154,891	-	-	167,744	-	-	674,388
Flexible State Programs	-	-	-	56,565	665,320	182,580	361,626	156,959	-	325,152	157,733	158,970	2,064,905
Other State	(665,610)	-	-	-	(111,463)	(934,610)	177,318	(27,113)	52,655	(1,570)	25,542	25,544	(1,459,308)
09/10 Deferrals	836,720	101,247	50,829	-	-	-	-	-	-	-	-	-	988,796
Federal	-	-	892,807	-	-	106,964	108,870	-	250,744	250,744	250,744	250,744	2,111,618
Other Local	93,073	102,101	226,017	404,627	283,355	288,591	473,298	47,271	103,004	103,004	103,004	103,004	2,330,550
Transfers In	624	784	676,223	1,500,804	2,000,788	821	50,982	853	-	-	1,750,963	-	5,982,842
Other Cash Inflows	92,074	229,704	285,607	83,736	96,420	19,852	219,298	31,000	-	-	-	-	1,057,690
TRANs Related Receipts	3,502,439	-	-	-	-	-	-	-	-	-	-	-	3,502,439
Total Receipts	4,049,429	819,394	2,531,186	2,990,964	4,090,676	12,851,829	5,899,104	702,752	2,042,237	10,534,566	5,338,469	1,835,555	53,686,161
Disbursements													
Salaries & Benefits	2,432,747	3,100,857	3,224,404	3,324,395	3,243,823	3,315,109	3,306,986	3,277,374	3,566,734	3,345,087	3,300,465	3,459,077	38,897,059
Commercial Warrant Exp	454,767	270,470	501,446	800,998	633,786	423,323	2,056,101	552,371	877,630	783,563	924,580	2,479,545	10,758,580
Transfers Out	900,270	-	2,085	40,655	1,290	2,000,000	-	1,247	-	-	-	-	2,945,548
Other Cash Outflows	272,737	71,159	63,426	63,067	63,779	91,400	79,124	63,923	20,260	20,260	20,260	20,260	849,654
TRANs Related Disbursements	-	-	-	-	-	-	3,540,833	-	-	-	-	-	3,540,833
Total Disbursements	4,060,520	3,442,486	3,791,361	4,229,116	3,942,678	5,829,833	8,983,045	3,894,915	4,464,625	4,148,910	4,245,305	5,958,881	56,991,675
Ending Cash Balance	6,729,016	4,105,925	2,845,750	1,607,598	1,755,596	8,777,593	5,693,652	2,501,488	79,100	6,464,756	7,557,920	3,434,594	3,434,594

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	3,434,594	10,016,778	6,857,955	3,579,031	1,318,671	278,975	9,354,964	3,403,245	1,669,700	357,131	5,357,135	4,939,213	3,434,594
Receipts													
State Aid Apportionment	-	-	(352,128)	-	-	-	(680,781)	(8,183)	-	(57,532)	(17,996)	-	(1,116,620)
Property Taxes	-	-	504,411	392,320	620,958	12,013,822	3,226,783	1,563,605	1,110,479	9,314,374	2,905,094	1,633,501	33,285,346
Special Education	-	-	230,299	-	180,234	180,234	510,663	13,860	-	97,436	30,478	-	1,243,204
Pupil Trans-Special Educ.	3,237	3,237	5,827	5,827	5,827	5,827	5,827	5,827	-	11,654	5,827	5,827	64,744
Pupil Transportation	11,430	11,430	20,573	20,573	20,573	20,573	20,573	20,573	-	41,146	20,573	20,574	228,591
EIA	-	-	-	-	141,813	-	-	-	70,906	-	70,907	-	354,532
CSR K-3	-	-	-	736,045	-	-	-	-	883,253	-	-	-	1,619,298
Lottery	165,858	-	-	165,858	-	-	165,858	-	-	165,858	-	-	663,432
Flexible State Programs	17,214	17,214	219,207	36,146	156,154	156,154	633,079	156,811	-	316,929	157,600	166,538	2,033,046
Other State	35,704	35,704	(613,484)	35,704	35,704	35,704	(1,219,393)	20,616	35,704	(70,361)	2,527	35,704	(1,630,167)
10/11 Deferrals	1,707,720	163,133	207,344	-	-	-	-	-	-	-	-	-	2,078,197
Federal	9,578	14,875	88,077	120,456	568	218,077	12,577	18,077	668,077	354,517	243,966	268,077	2,016,922
Other Local	45,863	196,619	129,658	112,648	100,007	129,658	126,328	189,458	125,863	110,863	55,863	7,522	1,330,350
Transfers In	2,972,341	-	-	-	1,500,000	-	-	-	-	(1,500,000)	-	-	2,972,341
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	5,000,000	-	-	-	-	-	-	-	-	-	-	-	5,000,000
Total Receipts	9,968,945	442,212	439,784	1,625,577	2,761,838	12,760,049	2,801,514	2,051,550	2,823,376	8,855,790	3,474,839	2,137,743	50,143,216
Disbursements													
Salaries & Benefits	2,879,485	3,160,624	3,203,386	3,276,298	3,273,087	3,229,747	3,288,975	3,325,210	3,624,653	3,399,406	3,354,060	3,513,757	39,528,688
Commercial Warrant Exp	508,313	441,449	516,360	610,676	529,485	455,351	465,295	460,923	512,331	457,418	539,739	783,157	6,280,497
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Outflows	(1,038)	(1,038)	(1,038)	(1,038)	(1,038)	(1,038)	(1,038)	(1,038)	(1,038)	(1,038)	(1,038)	(1,033)	(12,451)
TRANs Related Disbursements	-	-	-	-	-	-	5,000,000	-	-	-	-	-	5,000,000
Total Disbursements	3,386,760	3,601,036	3,718,708	3,885,936	3,801,534	3,684,060	8,753,232	3,785,095	4,135,946	3,855,786	3,892,761	4,295,881	50,796,734
Ending Cash Balance	10,016,778	6,857,955	3,579,031	1,318,671	278,975	9,354,964	3,403,245	1,669,700	357,131	5,357,135	4,939,213	2,781,076	2,781,076

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
Special Revenue	Cafeteria	66,371	88,674
Special Revenue	Deferred Maintenance	735,024	211,805
Special Revenue	Special Reserve for Non-Capital Outlay	5,226,756	4,958,559
Special Revenue	Special Reserve for Post Employment Benefits	483,008	430,781
Capital Projects	Special Reserve for Capital Outlay	2,882,630	1,143,266
Internal Service	Self-Insurance Fund	665,802	262,391
Total		10,059,591	7,095,476

* Represents the maturity date

San Marcos Unified School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	4,158,635	2,633,362	10,377,169	18,653,352	12,146,707	5,288,710	19,118,645	20,943,348	12,686,058	4,932,970	12,261,536	7,270,956	4,158,635
Receipts													
State Aid Apportionment	-	12,348,816	12,740,088	2,625,444	-	9,238,116	3,695,247	454,938	-	7,251,390	892,076	-	49,246,115
Property Taxes	36,538	336,722	376,217	340,042	818,273	9,367,644	4,229,840	305,233	805,593	8,181,770	2,567,145	1,432,099	28,797,116
Special Education	-	-	-	993,696	470,698	941,396	470,698	42,049	-	670,225	82,452	400,000	4,071,214
Pupil Trans-Special Educ.	-	-	-	-	146,705	35,685	-	71,370	-	71,370	35,685	33,439	394,254
Pupil Transportation	-	-	-	-	52,893	12,866	-	25,732	-	25,732	12,866	12,867	142,966
EIA	-	-	-	-	-	807,040	-	427,629	411,556	-	411,556	-	2,057,781
CSR K-3	-	-	-	-	-	971,129	-	-	837,991	-	-	-	1,809,120
Lottery	539,399	-	-	569,481	-	597,690	-	-	-	573,560	-	-	2,280,131
Flexible State Programs	-	-	-	334,728	1,941,110	571,208	1,078,000	464,399	-	426,764	185,261	85,849	5,087,319
Other State	-	-	-	-	-	35,685	767,309	44,240	644,853	644,853	644,853	732,904	3,514,698
09/10 Deferrals	6,653,706	3,961,340	2,212,384	-	-	-	-	-	-	-	-	-	12,827,430
Federal	-	-	2,993,095	-	-	714,510	344,749	16,067	2,170,897	2,170,897	2,120,897	2,120,897	12,652,009
Other Local	781,988	370,027	488,041	533,974	542,010	1,443,379	747,707	762,066	546,639	546,639	546,639	46,639	7,355,750
Transfers In	53	352,515	1,942	-	-	-	-	-	-	-	-	2,000,000	2,354,510
Other Cash Inflows	912,625	783,162	445,473	400,306	605,372	537,733	1,231,205	248,073	-	-	-	-	5,163,948
TRANS Related Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	8,924,309	18,152,581	19,257,240	5,797,671	4,577,061	24,676,391	13,162,444	2,861,796	5,417,530	20,563,201	7,499,431	6,864,695	137,754,351
Disbursements													
Salaries & Benefits	8,796,500	8,729,999	9,565,419	10,472,766	9,955,297	10,124,100	10,044,889	9,915,389	10,772,558	10,836,472	10,848,793	10,861,961	120,924,141
Commercial Warrant Exp	1,647,524	1,013,564	1,374,124	1,125,076	1,449,653	662,488	1,252,892	1,051,997	2,398,059	2,398,163	1,641,218	2,724,161	18,738,919
Transfers Out	-	-	40,000	-	18,960	32,019	10,673	76,669	-	-	-	-	178,321
Other Cash Outflows	5,557	665,212	1,514	706,474	11,149	27,849	29,288	75,032	-	-	-	-	1,522,075
TRANS Related Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	10,449,582	10,408,775	10,981,056	12,304,316	11,435,059	10,846,455	11,337,742	11,119,087	13,170,617	13,234,636	12,490,010	13,586,122	141,363,456
Ending Cash Balance	2,633,362	10,377,169	18,653,352	12,146,707	5,288,710	19,118,645	20,943,348	12,686,058	4,932,970	12,261,536	7,270,956	549,530	549,530

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	549,530	11,643,837	16,874,677	21,177,830	13,098,195	5,309,178	7,928,469	4,855,136	8,264,786	96,208	2,916,575	3,879,769	549,530
Receipts													
State Aid Apportionment	-	9,908,780	8,592,731	-	-	-	11,327,931	167,590	-	6,390,835	593,327	-	36,981,195
Property Taxes	19,350	(5,972)	473,998	419,103	541,126	10,408,036	2,853,616	1,365,955	271,360	8,148,199	2,567,584	1,473,963	28,536,317
Special Education	-	-	601,610	-	470,825	470,825	1,334,003	36,206	-	254,528	79,617	-	3,247,614
Pupil Trans-Special Educ.	19,713	19,713	35,483	35,483	35,483	35,483	35,483	-	-	70,966	35,483	35,481	394,254
Pupil Transportation	7,106	7,106	12,790	12,790	12,790	12,790	12,790	-	-	25,580	12,790	12,793	142,115
EIA	-	-	-	-	823,113	-	-	411,556	-	411,556	411,557	-	2,057,782
CSR K-3	-	-	-	878,756	-	-	-	-	1,017,974	-	-	-	1,896,730
Lottery	563,375	-	-	563,375	-	-	563,375	-	-	563,375	-	-	2,253,500
Flexible State Programs	51,531	51,531	567,364	102,672	333,208	333,208	1,661,425	337,098	-	693,760	341,761	333,211	4,806,769
Other State	215,802	215,802	215,802	215,802	215,802	215,802	215,802	215,802	215,802	215,802	215,802	215,802	2,589,624
10/11 Deferrals	8,829,086	4,543,688	5,774,991	-	-	-	-	-	-	-	-	-	19,147,765
Federal	-	-	-	-	-	792,670	396,335	79,267	1,189,005	1,189,005	1,189,005	1,189,005	6,024,292
Other Local	525,873	292,151	350,582	525,873	525,873	1,051,745	701,163	233,721	292,151	233,721	292,151	292,151	5,317,155
Transfers In	-	-	-	-	-	-	-	10,388,643	-	(4,162,627)	6,226,017	6,226,017	18,678,050
Other Cash Inflows	-	600,000	600,000	400,000	-	350,000	-	850,000	-	-	-	-	2,800,000
TRANS Related Receipts	11,240,000	-	-	-	-	-	-	-	-	-	-	-	11,240,000
Total Receipts	21,471,836	15,632,799	17,225,351	3,153,854	2,958,220	13,670,559	19,101,923	14,134,111	2,986,292	14,034,700	11,965,094	9,778,423	146,113,163
Disbursements													
Salaries & Benefits	8,542,714	8,816,977	9,510,232	9,618,164	9,470,357	9,761,036	9,462,160	9,568,447	9,635,916	9,695,291	9,613,838	9,626,071	113,321,202
Commercial Warrant Exp	1,816,432	1,566,801	1,393,585	1,596,943	1,258,499	1,271,851	1,454,715	1,137,631	1,500,573	1,500,660	1,369,681	2,273,453	18,140,625
Transfers Out	15,517	15,517	2,015,517	15,517	15,517	15,517	15,517	15,517	15,517	15,517	15,517	15,517	2,186,200
Other Cash Outflows	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,863	34,378
TRANS Related Disbursements	-	-	-	-	-	-	11,240,000	-	-	-	-	-	11,240,000
Total Disbursements	10,377,528	10,401,960	12,922,198	11,233,489	10,747,237	11,051,268	22,175,256	10,724,460	11,154,871	11,214,333	11,001,901	11,917,904	144,922,405
Ending Cash Balance	11,643,837	16,874,677	21,177,830	13,098,195	5,309,178	7,928,469	4,855,136	8,264,786	96,208	2,916,575	3,879,769	1,740,287	1,740,287

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
Capital Projects	Capital Facilities	21,679,443	11,000,000
Capital Projects	Capital Project for Blended Component Uses	4,127,619	2,000,000
Enterprise	Self-Insurance Fund	196,821	150,000
General	Adult Education	66,613	25,000
General	Deferred Maintenance	744,118	10,000
Special Revenue	Cafeteria	2,521,428	1,800,000
Trust and Agency	Foundation Permanent	42,790	40,000
Total		29,380,632	15,883,821

* Represents the maturity date

Sweetwater Union High School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	3,285,291	2,401,803	18,302,259	24,651,704	14,791,286	19,967,529	57,823,511	30,218,244	8,658,428	350,265	23,476,948	8,719,313	3,285,291
Receipts													
State Aid Apportionment	-	12,317,460	13,019,961	9,688,979	16,591,452	33,182,904	16,591,452	1,508,616	-	24,046,243	2,958,198	-	129,905,265
Property Taxes	78,125	663,346	706,330	659,267	1,558,242	17,779,438	8,084,023	563,300	1,644,634	16,036,757	5,047,434	3,599,443	56,420,338
Special Education	-	-	-	3,955,804	1,873,802	3,747,604	1,873,802	167,391	-	2,668,098	328,233	-	14,614,734
Pupil Trans-Special Educ.	-	-	-	-	480,592	116,901	-	233,802	-	233,802	116,901	116,900	1,298,898
Pupil Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
EIA	-	-	-	-	-	2,298,401	-	1,093,429	1,130,610	-	1,130,610	-	5,653,050
CSR K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
Lottery	1,461,448	-	-	1,542,953	-	-	1,398,477	-	-	1,251,629	-	-	5,654,507
Flexible State Programs	-	-	-	3,319,955	6,476,096	4,303,477	4,360,635	1,328,026	-	4,854,283	1,470,459	1,147,706	27,260,637
Other State	-	-	-	-	-	-	(1,398,477)	-	1,995,351	1,995,351	1,995,351	1,995,351	6,582,925
09/10 Deferrals	23,971,369	16,091,436	8,911,141	-	-	-	-	-	-	-	-	-	48,973,946
Federal	-	-	7,925,935	-	138,810	1,844,671	1,115,588	-	3,031,362	3,031,362	3,031,362	3,031,362	23,150,451
Other Local	-	-	-	-	-	1,815,426	-	-	740,222	740,222	740,222	740,222	4,776,312
Transfers In	14,500,000	-	-	-	-	-	-	-	15,500,000	-	-	25,000,000	55,000,000
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	5,009,855	-	-	-	-	-	-	-	-	-	-	-	5,009,855
Total Receipts	45,020,797	29,072,242	30,563,367	19,166,957	27,118,994	65,088,822	32,025,500	4,894,564	24,042,179	54,857,746	16,818,769	35,630,983	384,300,919
Disbursements													
Salaries & Benefits	23,277,511	23,917,954	24,342,932	25,220,317	24,094,557	24,624,932	24,673,131	23,957,056	26,468,230	26,347,856	25,383,444	26,892,210	299,200,131
Commercial Warrant Exp	4,169,028	5,261,248	3,143,466	4,174,731	4,601,211	3,604,064	3,464,793	3,038,780	4,626,943	4,128,040	4,937,792	4,921,200	50,071,295
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	10,000,000	10,000,000
Other Cash Outflows	18,457,745	(16,007,417)	(3,272,476)	(367,673)	(6,753,018)	(996,155)	26,434,509	(541,456)	1,255,168	1,255,168	1,255,168	1,255,168	21,974,731
TRANs Related Disbursements	-	-	-	-	-	-	5,058,333	-	-	-	-	-	5,058,333
Total Disbursements	45,904,284	13,171,786	24,213,922	29,027,375	21,942,751	27,232,841	59,630,767	26,454,379	32,350,342	31,731,064	31,576,403	43,068,577	386,304,491
Ending Cash Balance	2,401,803	18,302,259	24,651,704	14,791,286	19,967,529	57,823,511	30,218,244	8,658,428	350,265	23,476,948	8,719,313	1,281,719	1,281,719

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,281,719	6,385,011	2,520,446	27,109,649	5,978,483	4,903,631	22,064,151	22,242,468	7,036,093	3,099,016	10,924,525	2,197,809	1,281,719
Receipts													
State Aid Apportionment	-	-	19,127,122	-	14,969,052	14,969,052	42,412,314	1,151,120	-	8,092,270	2,531,267	-	103,252,197
Property Taxes	44,319	(13,991)	937,949	1,071,623	1,053,567	20,479,492	5,568,161	2,681,369	528,088	15,881,106	5,009,060	2,886,402	56,107,146
Special Education	-	-	2,103,682	-	1,646,360	1,646,360	4,664,686	126,605	-	890,023	278,400	-	11,356,116
Pupil Trans-Special Educ.	64,945	64,945	116,901	116,901	116,901	116,901	116,901	116,901	-	233,802	116,901	116,899	1,298,898
Pupil Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
EIA	-	-	-	-	2,261,220	-	-	1,130,610	-	1,130,610	1,130,610	-	5,653,050
CSR K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
Lottery	1,237,554	-	-	1,237,554	-	-	1,237,554	-	-	1,237,555	-	-	4,950,217
Flexible State Programs	132,399	132,399	3,490,205	276,254	2,783,271	2,783,271	9,040,845	1,283,225	-	3,195,001	1,433,049	1,158,257	25,708,176
Other State	548,577	548,577	548,577	548,577	548,577	548,577	548,577	548,577	548,577	548,577	548,577	548,578	6,582,925
10/11 Deferrals	26,528,766	16,628,796	21,135,070	-	-	-	-	-	-	-	-	-	64,292,632
Federal	2,370,867	2,370,867	2,370,867	2,370,867	2,370,867	2,370,867	2,370,867	2,370,867	2,370,867	2,370,867	2,370,867	2,370,867	28,450,404
Other Local	740,222	740,222	740,222	740,222	740,222	740,222	740,222	740,222	740,222	740,222	740,222	740,217	8,882,659
Transfers In	-	-	-	-	-	-	-	-	20,000,000	-	15,000,000	30,000,000	65,000,000
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	15,000,000	-	-	-	-	-	-	-	-	-	-	-	15,000,000
Total Receipts	46,667,649	20,471,815	50,570,595	6,361,998	26,490,037	43,654,742	66,700,127	10,129,496	24,187,754	34,320,033	29,158,953	37,821,220	396,534,420
Disbursements													
Salaries & Benefits	20,841,956	20,429,275	22,796,497	23,527,488	22,749,669	23,078,945	22,626,072	22,334,943	23,157,307	22,576,572	22,485,137	24,020,123	270,423,983
Commercial Warrant Exp	4,467,653	3,582,973	3,236,243	3,787,563	3,693,592	3,195,444	3,851,109	3,373,505	4,391,466	3,917,952	4,686,494	4,670,746	46,854,741
Transfers Out	15,500,000	-	-	-	-	-	25,000,000	-	-	-	-	8,300,000	48,800,000
Other Cash Outflows	954,748	324,133	(51,348)	178,113	1,121,628	219,833	44,629	(372,576)	576,058	-	10,714,038	1,912,705	15,621,961
TRANs Related Disbursements	-	-	-	-	-	-	15,000,000	-	-	-	-	-	15,000,000
Total Disbursements	41,564,357	24,336,381	25,981,393	27,493,164	27,564,889	26,494,221	66,521,810	25,335,872	28,124,830	26,494,525	37,885,669	38,903,575	396,700,665
Ending Cash Balance	6,385,011	2,520,446	27,109,649	5,978,483	4,903,631	22,064,151	22,242,468	7,036,093	3,099,016	10,924,525	2,197,809	1,115,454	1,115,454

ALTERNATIVE CASH RESOURCES				
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11	Projected Cash Balance as of 1/31/12*
Special Revenue	Deferred Maintenance	8,177,642	5,555,956	4,050,000
Capital Projects	County School Facilities	20,731,790	53,523,524	40,000,000
Capital Projects	Special Reserve for Capital Outlay	6,257,652	6,500,000	6,000,000
Total		35,167,084	65,579,480	50,050,000

* Represents the maturity date

SERIES B-2 PARTICIPANTS

Alpine Union School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	283,287	1,228,795	1,702,656	1,526,475	967,683	818,374	2,470,444	2,224,588	1,151,038	429,500	3,035,762	1,871,303	283,287
Receipts													
State Aid Apportionment	-	421,470	445,508	333,245	568,527	1,137,054	568,527	52,323	-	833,993	102,599	-	4,463,246
Property Taxes	4,563	42,806	47,704	44,386	104,268	1,169,803	526,605	38,069	103,489	839,374	501,470	190,620	3,613,159
Special Education	-	-	-	242,915	115,065	230,130	115,065	10,279	-	163,842	20,156	-	897,452
Pupil Trans-Special Educ.	-	-	-	-	16,889	4,108	-	-	-	8,216	4,108	4,108	45,645
Pupil Transportation	-	-	-	-	129,533	31,508	-	63,016	-	63,016	31,508	31,509	350,090
EIA	-	-	-	-	-	30,291	-	16,201	15,497	-	15,497	-	77,486
CSR K-3	-	-	-	-	-	207,774	-	-	159,151	-	-	-	366,925
Lottery	63,958	-	-	67,525	-	-	58,642	-	-	67,075	-	-	257,200
Flexible State Programs	-	2,675	2,828	24,900	228,961	78,551	147,637	51,203	-	122,686	52,601	53,986	766,028
Other State	-	-	-	-	-	13,778	79,210	-	31,753	31,753	31,753	-	220,000
09/10 Deferrals	866,769	512,671	262,148	-	-	-	-	-	-	-	-	-	1,641,588
Federal	-	-	331,927	-	-	26,830	6,909	-	304,000	63,770	63,770	63,770	860,976
Other Local	43,283	27,095	55,955	137,796	43,656	65,133	47,130	65,301	55,482	55,482	55,482	55,482	707,276
Transfers In	-	-	-	-	-	-	15,399	-	-	2,549,963	-	-	2,565,362
Other Cash Inflows	32,674	84,628	110,116	170,557	47,609	51,525	3,878	89,228	-	-	-	-	590,215
TRANS Related Receipts	662,817	-	-	-	-	-	-	-	-	-	-	-	662,817
Total Receipts	1,674,065	1,091,345	1,256,186	1,021,324	1,254,508	3,046,485	1,569,001	393,837	669,372	4,799,170	878,944	431,228	18,085,464
Disbursements													
Salaries & Benefits	449,404	336,543	1,178,644	1,333,935	1,296,796	1,300,033	1,321,539	1,305,597	1,285,901	1,328,268	1,282,374	1,278,281	13,697,314
Commercial Warrant Exp	128,685	280,510	253,526	137,296	103,469	91,182	148,332	121,775	94,494	170,994	123,435	215,831	1,869,529
Transfers Out	-	-	-	12,000	-	-	-	17,000	-	345,127	627,078	190,620	1,191,825
Other Cash Outflows	150,469	430	198	96,884	3,552	3,201	6,981	23,015	10,515	10,515	10,515	10,515	326,790
TRANS Related Disbursements	-	-	-	-	-	-	338,005	-	-	338,005	-	-	676,009
Total Disbursements	728,557	617,483	1,432,368	1,580,116	1,403,818	1,394,415	1,814,857	1,467,387	1,390,910	2,192,908	2,043,402	1,695,247	17,761,468
Ending Cash Balance	1,228,795	1,702,656	1,526,475	967,683	818,374	2,470,444	2,224,588	1,151,038	429,500	3,035,762	1,871,303	607,284	607,284

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	607,284	1,263,981	1,408,020	1,940,364	1,094,681	785,847	1,657,635	2,361,908	1,543,735	455,505	2,430,370	1,387,584	607,284
Receipts													
State Aid Apportionment	-	-	660,336	-	516,785	516,785	1,464,225	39,741	-	279,374	87,389	-	3,564,635
Property Taxes	2,218	370	62,630	49,903	70,398	1,340,891	364,831	175,531	37,047	1,039,708	328,248	188,594	3,660,369
Special Education	-	-	117,277	-	91,782	91,782	260,049	7,058	-	49,618	15,521	-	633,087
Pupil Trans-Special Educ.	2,250	2,250	4,050	4,050	4,050	4,050	4,050	4,050	-	8,100	4,050	4,050	45,000
Pupil Transportation	17,500	17,500	31,500	31,500	31,500	31,500	31,500	31,500	-	63,000	31,500	31,500	350,000
EIA	-	-	-	-	29,012	-	-	14,506	-	14,505	14,506	-	72,529
CSR K-3	-	-	-	178,857	-	-	-	-	39,218	-	-	-	218,075
Lottery	66,203	-	-	66,203	-	-	66,203	-	-	66,201	-	-	264,810
Flexible State Programs	6,544	6,544	77,687	13,293	63,358	63,358	239,891	49,636	-	105,022	51,007	52,737	729,077
Other State	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,897	3,891	46,758
10/11 Deferrals	1,257,747	579,178	736,129	-	-	-	-	-	-	-	-	-	2,573,054
Federal	63,740	63,740	63,740	63,740	63,740	63,740	63,740	63,740	63,740	63,740	63,740	63,740	764,880
Other Local	50,083	50,083	50,083	50,083	50,083	50,083	50,083	50,083	50,083	50,083	50,083	50,087	601,000
Transfers In	-	-	-	-	-	-	-	-	-	2,500,000	-	-	2,500,000
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANS Related Receipts	1,170,000	-	-	-	-	-	-	-	-	-	-	-	1,170,000
Total Receipts	2,640,182	723,562	1,807,329	461,526	924,605	2,166,086	2,548,469	439,742	193,985	4,243,248	649,941	394,599	17,193,274
Disbursements													
Salaries & Benefits	491,486	302,415	1,133,435	1,155,134	1,121,057	1,162,171	1,146,840	1,166,674	1,164,560	1,202,928	1,161,365	1,157,658	12,365,724
Commercial Warrant Exp	104,862	150,926	141,550	152,075	112,382	132,127	112,356	91,241	117,656	135,327	97,688	170,812	1,519,002
Transfers Out	1,387,138	-	-	-	-	-	-	-	-	345,127	433,673	188,594	2,354,532
Other Cash Outflows	-	126,181	-	-	-	-	-	-	-	-	-	-	126,181
TRANS Related Disbursements	-	-	-	-	-	-	585,000	-	-	585,000	-	-	1,170,000
Total Disbursements	1,983,485	579,522	1,274,985	1,307,209	1,233,439	1,294,298	1,844,196	1,257,915	1,282,216	2,268,383	1,692,727	1,517,064	17,535,439
Ending Cash Balance	1,263,981	1,408,020	1,940,364	1,094,681	785,847	1,657,635	2,361,908	1,543,735	455,505	2,430,370	1,387,584	265,119	265,119

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
Special Revenue	Cafeteria	27,858	20,000
Capital Projects	Capital Facilities	5,797	40,000
Total		33,655	60,000

* Represents the maturity date

Carlsbad Unified School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	13,884,241	17,927,720	17,332,021	13,726,496	7,976,872	3,520,065	19,329,468	15,015,797	10,084,616	6,178,759	16,063,120	14,393,437	13,884,241
Receipts													
State Aid Apportionment	-	(3,303)	(3,408)	(1,419)	-	(2,710)	(1,084)	(71)	-	(1,134)	(139)	-	(13,268)
Property Taxes	35,823	1,369,535	1,671,128	730,163	1,559,846	21,353,287	7,615,624	624,173	1,464,542	16,370,540	5,289,750	3,033,707	61,118,118
Special Education	-	-	-	686,584	325,224	650,448	325,224	29,053	-	463,087	56,970	-	2,536,590
Pupil Trans-Special Educ.	-	-	-	-	49,732	12,097	-	24,194	-	24,194	12,097	12,097	134,411
Pupil Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
EIA	-	-	-	-	-	209,990	-	-	105,290	-	105,290	-	526,451
CSR K-3	-	-	-	-	-	685,608	-	-	660,267	-	-	-	1,345,895
Lottery	328,313	-	-	346,623	-	-	341,135	-	-	359,379	-	-	1,375,450
Flexible State Programs	-	-	-	180,357	1,398,231	391,134	723,066	333,584	-	399,172	336,050	655,688	4,417,282
Other State	(683,113)	-	-	-	(843,914)	(1,100,874)	356,575	(181,425)	-	(130,045)	75,231	-	(2,584,237)
09/10 Deferrals	1,057,999	212,572	145,428	-	-	-	-	-	-	-	-	-	1,415,999
Federal	-	-	1,800,464	-	-	194,707	134,932	3,920	3,920	420,934	420,934	420,934	3,400,745
Other Local	383,089	108,350	141,810	372,629	379,111	656,976	331,605	535,480	275,444	72,998	72,998	72,998	3,403,488
Transfers In	-	-	6,987	-	-	-	-	1,118,472	-	-	-	395,000	1,520,459
Other Cash Inflows	291,208	1,518,454	328,148	162,651	245,623	105,962	292,803	68,766	1,209,512	-	-	-	4,223,128
TRANs Related Receipts	6,140,942	-	-	-	-	-	-	-	-	-	-	-	6,140,942
Total Receipts	7,554,261	3,205,608	4,090,557	2,477,588	3,113,853	23,156,626	10,119,881	2,662,027	3,718,995	17,979,125	6,369,181	4,513,752	88,961,454
Disbursements													
Salaries & Benefits	2,536,116	2,237,979	6,633,981	6,899,008	6,653,112	6,702,041	6,704,335	6,693,657	6,678,403	6,770,513	6,667,417	6,723,452	71,900,012
Commercial Warrant Exp	971,388	1,227,512	1,060,460	923,255	905,964	639,357	1,078,681	891,925	859,529	1,306,419	1,353,614	1,983,074	13,201,179
Transfers Out	-	-	1,631	-	-	-	-	-	-	-	-	-	1,631
Other Cash Outflows	3,279	335,816	10	404,948	11,584	5,824	454,079	7,625	86,921	17,832	17,832	17,832	1,363,584
TRANs Related Disbursements	-	-	-	-	-	-	6,196,458	-	-	-	-	-	6,196,458
Total Disbursements	3,510,783	3,801,307	7,696,083	8,227,211	7,570,660	7,347,222	14,433,552	7,593,207	7,624,853	8,094,764	8,038,863	8,724,358	92,662,864
Ending Cash Balance	17,927,720	17,332,021	13,726,496	7,976,872	3,520,065	19,329,468	15,015,797	10,084,616	6,178,759	16,063,120	14,393,437	10,182,830	10,182,830

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	10,162,830	22,931,476	17,500,629	13,229,188	8,074,082	2,783,469	18,093,277	12,134,318	8,422,914	2,028,704	5,992,632	4,648,597	10,162,830
Receipts													
State Aid Apportionment	(175,091)	(175,091)	(318,697)	(315,164)	(315,164)	(315,164)	(321,993)	(315,246)	(315,164)	(315,741)	(315,344)	(315,164)	(3,513,026)
Property Taxes	-	(654)	1,727,562	1,343,804	1,138,368	22,027,606	5,934,161	2,885,646	568,094	16,808,576	5,326,231	3,048,486	60,807,881
Special Education	-	-	326,231	-	255,311	255,311	723,380	19,633	-	138,020	43,173	-	1,761,059
Pupil Trans-Special Educ.	6,721	6,721	12,097	12,097	12,097	12,097	12,097	12,097	-	24,194	12,097	12,096	134,411
Pupil Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
EIA	-	-	-	-	209,240	-	-	104,620	-	104,621	104,620	-	523,101
CSR K-3	-	-	-	651,608	-	-	-	-	486,109	-	-	-	1,137,717
Lottery	306,893	-	-	306,893	-	-	306,893	-	-	306,892	-	-	1,227,571
Flexible State Programs	33,331	33,331	421,653	68,757	272,457	272,457	1,194,863	274,553	-	559,647	277,064	291,413	3,699,526
Other State	(63,541)	(63,541)	(307,941)	(307,941)	(307,941)	(307,941)	(307,941)	(307,941)	(307,941)	(307,941)	(307,941)	(307,941)	(3,206,493)
10/11 Deferrals	1,857,880	282,239	358,724	-	-	-	-	-	-	-	-	-	2,498,843
Federal	226,465	226,465	226,465	226,465	226,465	226,465	226,465	226,465	226,465	226,465	226,465	226,465	2,717,580
Other Local	124,292	124,292	124,292	124,292	124,292	124,292	124,292	124,292	124,292	124,292	124,292	124,297	1,491,509
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	13,570,000	-	-	-	-	-	-	-	-	-	-	-	13,570,000
Total Receipts	15,886,950	433,762	2,570,386	2,110,811	1,615,125	22,295,123	7,892,217	3,024,119	781,856	17,669,025	5,490,657	3,079,648	82,849,679
Disbursements													
Salaries & Benefits	1,643,927	4,251,811	5,658,433	5,750,837	5,929,518	5,907,251	5,817,110	5,753,672	6,087,065	5,827,599	5,925,726	5,903,247	64,456,195
Commercial Warrant Exp	1,449,640	1,568,062	1,138,658	1,470,345	931,484	1,033,328	1,204,330	937,115	1,044,265	1,047,763	864,230	1,439,086	14,128,306
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Outflows	44,736	44,736	44,736	44,736	44,736	44,736	44,736	44,736	44,736	44,736	44,736	44,739	536,835
TRANs Related Disbursements	-	-	-	-	-	-	6,785,000	-	-	6,785,000	-	-	13,570,000
Total Disbursements	3,138,303	5,864,609	6,841,827	7,265,917	6,905,738	6,985,315	13,851,176	6,735,523	7,176,066	13,705,098	6,834,691	7,387,072	92,691,336
Ending Cash Balance	22,931,476	17,500,629	13,229,188	8,074,082	2,783,469	18,093,277	12,134,318	8,422,914	2,028,704	5,992,632	4,648,597	341,173	341,173

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
Capital Projects	Capital Facilities	1,882,939	2,100,000
Capital Projects	Capital Project for Blended Component Uses	5,847,483	5,820,000
Total		7,730,422	7,920,000

* Represents the maturity date

Chula Vista Elementary School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	9,911,539	22,230,148	17,832,177	15,626,909	8,733,215	6,444,136	35,168,830	31,681,263	21,545,497	15,376,888	24,398,533	18,657,399	9,911,539
Receipts													
State Aid Apportionment	-	3,693,855	3,904,526	2,955,158	4,999,045	9,998,090	4,999,045	517,744	-	8,252,461	1,015,228	-	40,335,152
Property Taxes	70,081	142,889	(420,330)	(45,591)	1,019,245	19,728,965	8,317,903	(184,290)	347,655	17,941,293	5,096,153	3,659,944	55,673,916
Special Education	-	-	-	2,469,461	1,169,745	2,339,490	1,169,745	104,496	-	1,665,594	204,903	-	9,123,434
Pupil Trans-Special Educ.	-	-	-	-	212,072	51,585	-	103,170	-	103,170	51,585	51,588	573,170
Pupil Transportation	-	-	-	-	171,345	41,679	-	83,358	-	83,358	41,679	41,676	463,095
EIA	-	-	-	-	-	1,632,136	-	872,721	-	834,952	-	-	4,174,761
CSR K-3	-	-	-	-	-	3,326,526	-	-	3,245,562	-	834,952	-	6,572,088
Lottery	697,859	-	-	736,779	-	-	763,859	-	-	757,216	-	-	2,955,712
Flexible State Programs	-	-	-	81,370	2,705,799	702,351	1,462,144	627,219	-	1,281,724	629,102	678,765	8,168,474
Other State	-	-	-	13,512	1,252,509	700,146	892,176	725,645	230,144	155,492	155,492	155,492	4,280,608
09/10 Deferrals	10,239,992	5,232,590	2,781,874	-	-	-	-	-	-	-	-	-	18,254,456
Federal	812,325	129	4,001,744	179,872	843,803	2,165,904	873,127	31,304	3,527,672	1,064,507	1,064,507	1,064,507	15,629,401
Other Local	171,761	140,756	62,061	160,453	186,061	4,203,079	187,768	142,082	75,452	471,795	471,795	471,795	6,744,858
Transfers In	-	249,253	499,573	2,334,210	-	-	742,890	885,140	993,616	374,620	374,620	406,728	6,860,651
Other Cash Inflows	765,447	1,689,014	2,043,012	1,347,711	550,616	438,032	486,081	306,978	197,500	100,000	100,000	100,000	8,124,391
TRANS Related Receipts	14,760,307	-	-	-	-	-	-	-	-	-	-	-	14,760,307
Total Receipts	27,517,772	11,148,485	12,872,461	10,232,934	13,110,240	45,327,983	19,894,736	4,215,568	9,452,553	32,251,229	10,040,017	6,630,495	202,694,473
Disbursements													
Salaries & Benefits	13,162,714	12,621,834	12,864,020	13,082,357	12,790,683	12,923,157	13,011,173	12,792,456	12,931,822	13,420,691	13,431,234	13,834,171	156,866,312
Commercial Warrant Exp	1,354,211	2,265,977	1,901,406	2,922,396	2,261,009	1,330,722	2,569,751	1,429,329	2,189,450	2,024,917	2,024,917	2,024,917	24,299,001
Transfers Out	10,000	297,097	-	-	-	1,864,565	-	-	-	-	-	-	2,171,663
Other Cash Outflows	672,238	361,547	312,303	1,121,875	347,627	484,845	342,403	129,549	499,890	325,000	325,000	325,000	5,247,276
TRANS Related Disbursements	-	-	-	-	-	-	7,458,976	-	-	7,458,976	-	-	14,917,953
Total Disbursements	15,199,163	15,546,456	15,077,728	17,126,629	15,399,319	16,603,289	23,382,303	14,351,333	15,621,162	23,229,584	15,781,151	16,184,088	203,502,205
Ending Cash Balance	22,230,148	17,832,177	15,626,909	8,733,215	6,444,136	35,168,830	31,681,263	21,545,497	15,376,888	24,398,533	18,657,399	9,103,806	9,103,806

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	9,103,806	27,897,556	18,258,531	22,077,339	12,079,961	7,508,905	28,712,674	31,427,347	21,951,512	13,725,980	15,720,113	9,678,816	9,103,806
Receipts													
State Aid Apportionment	-	-	5,885,010	-	4,605,660	4,605,660	13,049,370	354,175	-	2,489,818	778,817	-	31,768,510
Property Taxes	(364,612)	(632,077)	(147,738)	193,815	406,471	23,179,856	5,670,835	2,290,477	(702,425)	17,942,945	5,189,873	2,676,595	55,704,015
Special Education	-	-	1,341,586	-	1,049,937	1,049,937	2,974,821	80,740	-	567,596	177,545	-	7,242,162
Pupil Trans-Special Educ.	28,659	28,659	51,585	51,585	51,585	51,585	51,585	51,585	-	103,170	51,585	51,587	573,170
Pupil Transportation	23,155	23,155	41,679	41,679	41,679	41,679	41,679	41,679	-	83,358	41,679	41,674	463,095
EIA	-	-	-	-	1,669,904	-	-	-	834,952	-	834,952	-	4,174,761
CSR K-3	-	-	-	3,180,602	-	-	-	-	3,816,723	-	-	-	6,997,325
Lottery	748,701	-	-	748,701	-	-	748,701	-	-	748,699	-	-	2,994,802
Flexible State Programs	70,500	70,500	812,949	147,451	663,807	663,807	2,425,922	628,229	-	1,271,364	631,782	678,760	8,065,071
Other State	350,496	350,496	350,496	350,496	350,496	350,496	350,496	350,496	350,496	350,496	350,496	350,501	4,205,957
10/11 Deferrals	15,311,009	5,730,757	7,283,747	-	-	-	-	-	-	-	-	-	28,325,513
Federal	614,897	98	3,029,156	136,156	638,724	1,639,500	660,921	23,696	2,670,303	805,788	805,788	805,788	11,830,815
Other Local	171,761	140,756	62,061	160,453	186,061	4,203,078	187,768	142,082	372,709	372,709	372,709	372,709	6,744,855
Transfers In	21,150	21,150	21,150	21,150	21,150	21,150	21,150	21,150	21,150	21,150	21,150	4,021,150	4,253,803
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANS Related Receipts	16,915,000	-	-	-	-	-	-	-	-	-	-	-	16,915,000
Total Receipts	33,890,716	5,733,494	18,731,681	5,032,088	9,685,475	35,806,749	26,183,248	4,819,261	6,528,956	25,592,046	9,256,377	8,998,764	190,258,854
Disbursements													
Salaries & Benefits	12,282,823	12,307,004	12,267,969	12,476,189	12,198,030	12,324,366	12,408,303	12,199,721	12,332,629	12,798,847	12,808,901	13,193,168	149,597,950
Commercial Warrant Exp	2,514,143	2,765,515	2,344,905	2,253,276	1,758,500	1,978,615	2,302,771	1,795,375	2,121,859	2,041,566	2,188,773	3,390,467	27,455,766
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Outflows	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	3,600,000
TRANS Related Disbursements	-	-	-	-	-	-	8,457,500	-	-	8,457,500	-	-	16,915,000
Total Disbursements	15,096,966	15,372,520	14,912,874	15,029,465	14,256,530	14,602,981	23,468,575	14,295,096	14,754,488	23,597,912	15,297,674	16,883,636	197,566,716
Ending Cash Balance	27,897,556	18,258,531	22,077,339	12,079,961	7,508,905	28,712,674	31,427,347	21,951,512	13,725,980	15,720,113	9,678,816	1,793,944	1,793,944

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
Special Revenue	Deferred Maintenance	445,957	345,000
Capital Projects	Capital Facilities	2,532,956	2,588,815
Internal Service	Self-Insurance Fund	6,045,655	6,459,239
Total		9,024,568	9,373,054

* Represents the maturity date

Fallbrook Union High School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	308,515	2,353,600	2,290,081	3,357,892	2,009,860	1,174,703	4,606,018	3,860,902	2,751,827	1,315,233	3,998,522	3,499,176	308,515
Receipts													
State Aid Apportionment	-	1,182,118	1,219,573	271,372	-	891,021	356,408	30,549	-	486,930	59,903	-	4,497,874
Property Taxes	8,166	102,788	105,664	95,882	230,666	3,662,433	2,279,638	90,515	41,275	3,538,440	1,095,293	972,707	12,223,467
Special Education	-	-	-	229,501	108,711	217,422	108,711	9,711	-	154,792	19,043	-	847,891
Pupil Trans-Special Educ.	-	-	-	-	-	-	-	-	-	-	-	-	-
Pupil Transportation	-	-	-	-	165,160	40,174	-	80,348	-	80,348	40,174	40,175	446,379
EIA	-	-	-	-	-	122,319	-	54,445	58,921	-	58,921	-	294,606
CSR K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
Lottery	91,295	-	-	96,386	-	-	79,322	-	-	90,560	-	-	357,553
Flexible State Programs	-	-	-	116,799	336,115	117,669	210,720	81,151	-	183,993	81,999	83,735	1,212,181
Other State	-	-	-	-	-	-	-	54,746	106,517	106,517	106,517	106,517	480,815
09/10 Deferrals	550,245	313,159	186,437	-	-	-	-	-	-	-	-	-	1,049,841
Federal	-	-	596,667	-	13,810	121,912	26,332	3,589	332,421	332,421	332,421	332,421	2,091,994
Other Local	52,592	39,887	31,922	56,426	56,798	75,178	180,493	110,756	267,680	267,680	267,680	267,680	1,674,772
Transfers In	-	-	850,000	-	-	-	-	-	-	-	-	-	850,000
Other Cash Inflows	227,489	299,928	278,632	397,750	656,544	210,133	354,238	704,777	367,129	-	-	-	3,496,620
TRANs Related Receipts	1,935,337	-	-	-	-	-	-	-	-	-	-	-	1,935,337
Total Receipts	2,865,123	1,937,880	3,268,895	1,264,116	1,567,804	5,458,262	3,595,863	1,220,586	1,173,943	5,241,672	2,061,951	1,803,235	31,459,330
Disbursements													
Salaries & Benefits	471,138	1,539,095	1,806,419	1,981,369	1,950,892	1,863,084	1,888,550	1,898,206	2,000,586	2,035,881	1,983,832	2,010,405	21,429,456
Commercial Warrant Exp	347,792	406,905	394,666	480,285	442,228	155,683	465,844	411,157	604,057	516,607	571,572	869,981	5,666,578
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Outflows	1,108	55,399	-	150,494	9,841	8,180	24,150	20,298	5,894	5,894	5,894	5,894	293,047
TRANs Related Disbursements	-	-	-	-	-	-	1,962,633	-	-	-	-	-	1,962,633
Total Disbursements	820,038	2,001,399	2,201,084	2,612,148	2,402,961	2,026,947	4,340,978	2,329,661	2,610,538	2,558,382	2,561,298	2,886,280	29,351,714
Ending Cash Balance	2,353,600	2,290,081	3,357,892	2,009,860	1,174,703	4,606,018	3,860,902	2,751,827	1,315,233	3,998,522	3,499,176	2,416,131	2,416,131

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,416,131	4,596,977	3,518,767	3,577,074	1,883,913	725,756	3,777,235	5,166,945	4,574,331	3,066,475	4,224,631	3,674,621	2,416,131
Receipts													
State Aid Apportionment	-	-	998,891	-	-	-	1,931,192	23,215	-	163,200	51,050	-	3,167,548
Property Taxes	3,328	555	143,451	113,360	236,380	4,516,577	1,211,315	591,352	120,964	3,521,293	1,089,949	617,032	12,165,557
Special Education	-	-	129,279	-	101,175	101,175	286,662	7,780	-	54,695	17,109	-	697,875
Pupil Trans-Special Educ.	-	-	-	-	-	-	-	-	-	-	-	-	-
Pupil Transportation	22,319	22,319	40,174	40,174	40,174	40,174	40,174	40,174	-	80,348	40,174	40,175	446,379
EIA	-	-	-	-	117,842	-	-	58,921	-	58,921	58,921	-	294,606
CSR K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
Lottery	89,532	-	-	89,532	-	-	89,532	-	-	89,531	-	-	358,127
Flexible State Programs	9,626	9,626	154,196	19,860	78,737	78,737	418,105	80,095	-	167,015	81,721	84,484	1,182,202
Other State	40,068	40,068	40,068	40,068	40,068	40,068	40,068	40,068	40,068	40,068	40,068	40,068	480,815
10/11 Deferrals	644,285	385,762	490,301	-	-	-	-	-	-	-	-	-	1,520,348
Federal	277,174	277,174	277,174	277,174	277,174	277,174	277,174	277,174	277,174	277,174	277,174	277,174	3,326,088
Other Local	139,564	139,564	139,564	139,564	139,564	139,564	139,564	139,564	139,564	139,564	139,564	139,568	1,674,772
Transfers In	76,500	76,500	76,500	76,500	76,500	76,500	76,500	76,500	76,500	76,500	76,500	76,500	918,000
Other Cash Inflows	-	-	-	-	-	-	354,238	367,129	302,459	-	-	-	1,023,826
TRANs Related Receipts	2,160,000	-	-	-	-	-	-	-	-	-	-	-	2,160,000
Total Receipts	3,462,396	951,568	2,489,598	796,232	1,107,614	5,269,969	4,864,524	1,701,972	956,729	4,668,309	1,872,231	1,275,000	29,416,143
Disbursements													
Salaries & Benefits	741,161	1,535,094	1,838,974	1,935,606	1,931,956	1,842,188	1,905,562	1,934,625	1,979,611	2,014,536	1,963,033	1,989,327	21,611,674
Commercial Warrant Exp	534,495	488,790	586,424	547,894	327,921	370,409	483,357	354,068	479,079	409,722	453,315	689,984	5,725,457
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Outflows	5,894	5,894	5,894	5,894	5,894	5,894	5,894	5,894	5,894	5,894	5,894	5,895	70,729
TRANs Related Disbursements	-	-	-	-	-	-	1,080,000	-	-	1,080,000	-	-	2,160,000
Total Disbursements	1,281,550	2,029,778	2,431,291	2,489,393	2,265,771	2,218,491	3,474,813	2,294,587	2,464,585	3,510,153	2,422,242	2,685,206	29,567,860
Ending Cash Balance	4,596,977	3,518,767	3,577,074	1,883,913	725,756	3,777,235	5,166,945	4,574,331	3,066,475	4,224,631	3,674,621	2,264,414	2,264,414

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 4/30/12*
General	Cafeteria	408,010	217,929
Capital Projects	Capital Facilities	261,577	660,495
Total		669,587	910,047

* Represents the maturity date

Grossmont Union High School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,597,790	18,745,151	21,950,650	20,793,021	13,416,161	12,635,902	37,949,803	36,108,916	22,825,253	11,298,570	22,543,407	15,968,348	1,597,790
Receipts													
State Aid Apportionment	-	3,599,141	3,804,411	2,876,064	4,869,292	9,738,584	4,869,292	500,142	-	7,971,898	980,713	-	39,209,537
Property Taxes	(749,564)	219,705	(507,904)	3,296	918,880	21,923,401	9,145,725	(98,870)	53,704	19,210,331	5,386,261	3,047,005	58,551,970
Special Education	-	-	-	2,351,421	1,113,831	2,227,662	1,113,831	99,501	-	1,585,976	195,109	-	8,687,331
Pupil Trans-Special Educ.	-	-	-	-	353,973	86,102	-	172,204	-	-	86,102	86,100	956,685
Pupil Transportation	-	-	-	-	220,284	53,582	-	107,166	-	107,166	53,583	53,581	595,362
EIA	-	-	-	-	-	716,194	-	488,383	401,526	-	401,526	-	2,007,629
CSR K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
Lottery	748,378	-	-	790,115	-	-	693,605	-	70,728	758,444	-	-	3,061,270
Flexible State Programs	-	-	-	1,880,927	4,263,749	2,578,487	2,592,958	884,874	-	3,000,870	969,737	836,924	17,008,525
Other State	-	-	71,747	-	99,392	967,888	687,645	573,271	-	564,648	1,450,038	-	4,404,629
09/10 Deferrals	7,975,241	6,531,391	2,885,225	-	-	-	-	-	-	-	-	-	17,391,857
Federal	115,769	699,618	5,195,398	57,695	326,396	2,361,849	530,600	304,042	2,509,295	2,130,136	3,146,626	374,220	17,751,644
Other Local	153,236	137,555	1,044,661	910,462	1,606,083	1,026,835	1,372,253	1,293,095	1,583,025	253,669	1,323,278	1,290,423	11,994,575
Transfers In	-	-	-	-	-	-	-	-	-	-	-	2,050,000	2,050,000
Other Cash Inflows	2,287,071	5,705,788	2,352,586	5,061,741	2,761,498	217,144	2,478,286	186,137	-	-	-	378,060	21,428,311
TRANs Related Receipts	17,423,450	-	-	-	-	-	-	-	-	-	-	-	17,423,450
Total Receipts	27,953,581	16,893,198	14,846,124	13,931,721	16,533,378	41,887,728	23,484,195	4,509,945	4,618,278	35,755,341	13,992,972	8,116,313	222,522,774
Disbursements													
Salaries & Benefits	6,274,976	10,631,210	11,715,967	12,200,357	12,191,991	12,162,316	12,203,567	12,040,843	13,923,851	13,552,209	13,881,466	13,348,626	144,127,379
Commercial Warrant Exp	3,031,245	2,871,115	3,172,023	4,480,305	4,438,113	3,044,445	3,822,410	3,269,708	2,221,110	1,243,077	5,349,574	4,569,494	41,512,619
Transfers Out	1,500,000	-	-	1,443,013	683,533	1,367,066	495,734	239,759	-	911,847	127,391	-	6,768,343
Other Cash Outflows	-	185,373	1,115,763	3,184,907	-	-	-	2,243,297	-	-	1,209,601	3,642,465	11,581,406
TRANs Related Disbursements	-	-	-	-	-	-	8,803,371	-	-	8,803,371	-	-	17,606,742
Total Disbursements	10,806,220	13,687,699	16,003,753	21,308,581	17,313,637	16,573,827	25,325,082	17,793,607	16,144,961	24,510,504	20,566,032	21,560,585	221,596,489
Ending Cash Balance	18,745,151	21,950,650	20,793,021	13,416,161	12,635,902	37,949,803	36,108,916	22,825,253	11,298,570	22,543,407	15,968,348	2,524,075	2,524,075

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,524,075	27,498,326	21,703,882	23,805,022	6,803,958	3,262,102	26,298,289	32,117,889	23,862,221	12,188,871	15,415,094	6,577,268	2,524,075
Receipts													
State Aid Apportionment	-	-	6,040,214	-	4,727,124	4,727,124	13,393,518	363,516	-	2,555,483	799,358	-	32,606,337
Property Taxes	(802,849)	(706,214)	(197,568)	233,937	400,968	24,916,531	6,052,587	2,434,514	(727,557)	18,610,629	4,880,824	2,171,837	57,267,639
Special Education	-	-	1,223,001	-	957,131	957,131	2,711,872	73,603	-	517,424	161,851	-	6,602,013
Pupil Trans-Special Educ.	47,834	47,834	86,102	86,102	86,102	86,102	86,102	86,102	-	172,204	86,102	86,099	870,583
Pupil Transportation	29,768	29,768	53,583	53,583	53,583	-	53,583	53,583	-	107,166	53,583	53,579	541,779
EIA	-	-	-	-	803,051	-	-	401,526	-	401,526	401,525	-	2,007,628
CSR K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
Lottery	749,915	-	-	749,915	-	-	749,915	-	-	749,914	-	-	2,999,659
Flexible State Programs	65,832	65,832	2,149,810	146,460	1,708,219	911,665	5,500,181	866,661	-	2,085,952	950,716	836,916	15,288,244
Other State	-	-	36,680	-	1,744,750	489,710	351,551	57,313	148,479	564,648	-	-	3,393,131
10/11 Deferrals	10,263,576	6,340,958	8,059,308	-	-	-	-	-	-	-	-	-	24,663,842
Federal	97,077	586,658	1,002,390	48,380	273,696	1,980,506	444,930	1,930,057	2,527,581	2,047,459	886,044	1,157,210	12,981,988
Other Local	153,858	138,113	1,048,902	914,158	1,612,603	1,031,003	1,377,823	1,156,376	1,731,419	254,699	1,328,650	1,295,661	12,043,265
Transfers In	891,118	624,261	1,948,533	1,054,426	1,064,961	1,973,045	1,973,469	315,562	622,880	687,436	424,646	9,310,138	20,890,475
Other Cash Inflows	2,965,389	1,978,156	-	471,391	78,543	2,534,027	1,252,106	1,162,593	1,283,119	493,599	881,591	743,507	13,844,021
TRANs Related Receipts	19,270,000	-	-	-	-	-	-	-	-	-	-	-	19,270,000
Total Receipts	33,731,518	9,105,366	21,450,955	3,758,352	13,510,731	39,520,742	33,947,637	8,901,406	5,585,921	29,248,139	10,854,890	15,654,947	225,270,604
Disbursements													
Salaries & Benefits	5,420,197	11,932,676	12,973,905	13,341,407	13,440,802	13,194,859	13,268,829	13,104,897	13,674,290	13,393,090	13,489,710	12,387,984	149,622,646
Commercial Warrant Exp	1,185,045	2,134,840	3,520,484	3,204,797	1,884,816	1,683,461	1,996,908	2,888,874	2,332,574	1,365,483	4,859,911	6,046,640	33,083,833
Transfers Out	2,152,025	832,294	2,405,982	1,034,424	1,726,969	1,606,235	3,058,425	1,014,428	1,083,532	1,459,468	1,174,220	2,330,136	19,878,138
Other Cash Outflows	-	-	449,444	3,178,788	-	-	168,875	168,875	168,875	168,875	168,875	-	4,472,607
TRANs Related Disbursements	-	-	-	-	-	-	9,635,000	-	-	9,635,000	-	-	19,270,000
Total Disbursements	8,757,267	14,899,810	19,349,815	20,759,416	17,052,587	16,484,555	28,128,037	17,157,074	17,259,271	26,021,916	19,692,716	20,764,760	226,327,224
Ending Cash Balance	27,498,326	21,703,882	23,805,022	6,803,958	3,262,102	26,298,289	32,117,889	23,862,221	12,188,871	15,415,094	6,577,268	1,467,455	1,467,455

ALTERNATIVE CASH RESOURCES				
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11	Projected Cash Balance as of 4/30/12*
Special Revenue	Deferred Maintenance	2,965,714	1,000,000	1,000,000
Capital Projects	Capital Facilities	4,096,424	4,773,713	5,000,000
Capital Projects	Special Reserve for Capital Outlay	8,518,426	6,509,064	3,000,000
Trust and Agency	Self-Insurance Fund	4,335,676	4,000,000	4,000,000
Total		19,916,240	16,282,777	13,000,000

* Represents the maturity date

Jamul-Dulzura Union School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	92,428	184,767	262,874	197,329	15,763	31,683	578,055	629,326	112,701	20,761	307,275	114,007	92,428
Receipts													
State Aid Apportionment	-	191,468	202,388	151,204	258,186	516,372	258,186	22,282	-	355,163	43,693	-	1,998,942
Property Taxes	2,967	27,557	30,772	28,583	67,074	370,718	282,871	(37,562)	21,663	635,150	170,450	102,272	1,702,516
Special Education	-	-	-	133,384	63,182	126,364	63,182	5,644	-	89,963	11,068	-	492,787
Pupil Trans-Special Educ.	-	-	-	-	37,325	9,079	-	18,158	-	18,158	9,079	9,079	100,878
Pupil Transportation	-	-	-	-	76,383	18,580	-	37,160	-	37,160	18,580	18,580	206,443
EIA	-	-	-	-	-	50,311	-	22,007	24,106	-	24,106	-	120,530
CSR K-3	-	-	-	-	-	53,818	-	-	70,071	-	-	-	123,889
Lottery	28,955	-	-	30,570	-	-	20,146	-	-	28,931	-	-	108,602
Flexible State Programs	-	-	-	4,251	113,558	29,813	66,204	25,977	-	54,599	26,159	27,833	348,394
Other State	-	-	-	-	-	9,079	35,878	-	-	19,386	19,386	-	103,114
09/10 Deferrals	299,519	219,890	105,919	-	-	-	-	-	-	-	-	-	625,328
Federal	-	-	150,425	-	-	30,771	12,838	-	-	50,593	50,593	50,593	345,813
Other Local	-	23,979	-	44,066	385	-	63,441	20,125	-	23,399	23,399	23,399	222,192
Transfers In	-	-	-	110,849	-	-	25,400	11,000	400,000	-	36,937	286,937	871,132
Other Cash Inflows	37,984	57,662	38,439	78,796	12,771	18,459	4,669	4,693	-	-	-	-	253,374
TRANS Related Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	369,426	520,557	527,943	581,703	628,863	1,233,364	832,714	129,484	515,840	1,312,501	433,449	538,078	7,623,924
Disbursements													
Salaries & Benefits	164,328	363,249	512,875	539,525	518,872	517,393	529,821	527,980	523,753	517,500	524,376	532,065	5,771,738
Commercial Warrant Exp	93,110	74,109	80,613	91,546	89,598	166,447	94,263	93,976	80,835	105,294	99,149	101,500	1,170,438
Transfers Out	8,500	4,800	-	86,145	-	-	100	6,500	-	400,000	-	-	506,045
Other Cash Outflows	11,148	292	-	46,054	4,473	3,153	157,259	17,653	3,193	3,193	3,193	3,193	252,803
TRANS Related Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	277,086	442,451	593,488	763,269	612,943	686,993	781,443	646,109	607,781	1,025,986	626,718	636,758	7,701,024
Ending Cash Balance	184,767	262,874	197,329	15,763	31,683	578,055	629,326	112,701	20,761	307,275	114,007	15,328	15,328

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	15,328	808,703	596,578	872,678	466,641	243,083	914,434	1,103,929	780,850	349,273	466,578	286,192	15,328
Receipts													
State Aid Apportionment	-	-	281,302	-	220,149	220,149	623,755	16,930	-	119,014	37,228	-	1,518,527
Property Taxes	(45,387)	(46,574)	(43,960)	(52,150)	(38,519)	786,995	152,713	29,796	(60,202)	591,415	128,951	38,197	1,441,275
Special Education	-	-	68,508	-	53,615	53,615	151,909	4,123	-	28,984	9,066	-	369,820
Pupil Trans-Special Educ.	5,044	5,044	9,079	9,079	9,079	9,079	9,079	9,079	-	18,158	9,079	9,079	100,878
Pupil Transportation	10,322	10,322	18,580	18,580	18,580	18,580	18,580	18,580	-	37,160	18,580	18,579	206,443
EIA	-	-	-	-	48,212	-	-	24,106	-	24,106	24,106	-	120,530
CSR K-3	-	-	-	59,441	-	-	-	-	71,328	-	-	-	130,769
Lottery	28,606	-	-	28,606	-	-	28,606	-	-	28,605	-	-	114,423
Flexible State Programs	2,757	2,757	7,109	4,949	6,641	6,641	48,137	4,782	-	10,345	4,968	6,680	105,766
Other State	8,593	8,593	8,593	8,593	8,593	8,593	8,593	8,593	8,593	8,593	8,593	8,591	103,114
10/11 Deferrals	522,452	254,392	323,328	-	-	-	-	-	-	-	-	-	1,100,172
Federal	-	-	154,788	-	-	33,943	18,333	-	-	98,763	33,943	62,097	401,867
Other Local	-	81,376	-	81,376	-	81,376	81,376	81,376	81,376	81,376	81,370	250,000	901,002
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANS Related Receipts	775,000	-	-	-	-	-	-	-	-	-	-	-	775,000
Total Receipts	1,307,387	315,910	827,327	158,474	326,350	1,218,971	1,141,081	197,365	101,095	1,046,519	355,884	393,223	7,389,586
Disbursements													
Salaries & Benefits	165,436	436,150	436,150	436,150	436,150	436,150	436,150	436,150	436,150	436,150	436,150	436,150	4,963,086
Commercial Warrant Exp	98,576	91,885	115,077	128,360	113,758	111,470	127,936	84,294	96,522	105,565	100,120	106,296	1,279,859
Transfers Out	250,000	-	-	-	-	-	-	-	-	-	-	-	250,000
Other Cash Outflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANS Related Disbursements	-	-	-	-	-	-	387,500	-	-	387,500	-	-	775,000
Total Disbursements	514,012	528,035	551,227	564,510	549,908	547,620	951,586	520,444	532,672	929,215	536,270	542,446	7,267,945
Ending Cash Balance	808,703	596,578	872,678	466,641	243,083	914,434	1,103,929	780,850	349,273	466,578	286,192	136,969	136,969

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
Special Revenue	Special Reserve for Non-Capital Outlay	96,068	96,790
Capital Projects	Capital Facilities	297,438	332,058
Total		393,506	428,848

* Represents the maturity date

La Mesa-Spring Valley School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	960,486	4,330,773	5,102,864	2,234,557	407,747	167,476	11,543,188	10,401,262	4,714,295	1,595,562	19,471,864	13,441,641	960,486
Receipts													
State Aid Apportionment	-	2,695,237	2,848,955	2,135,355	3,637,681	7,275,362	3,637,681	330,597	-	5,269,468	648,256	-	28,478,592
Property Taxes	26,405	239,666	268,437	248,683	582,372	6,648,371	2,994,294	213,846	580,528	5,871,657	1,855,404	1,146,404	20,676,067
Special Education	-	-	-	1,441,268	682,706	1,365,412	682,706	61,814	-	985,274	121,210	-	5,340,390
Pupil Trans-Special Educ.	-	-	-	-	39,244	9,546	-	19,092	-	19,092	9,546	9,545	106,065
Pupil Transportation	-	-	-	-	306,210	74,483	-	148,966	-	148,966	74,483	74,486	827,594
EIA	-	-	-	-	-	696,381	-	359,008	351,796	-	351,796	-	1,758,981
CSR K-3	-	-	-	-	-	1,217,192	-	-	678,284	-	-	-	1,895,476
Lottery	390,286	-	-	412,052	-	-	357,683	-	-	383,403	-	-	1,543,423
Flexible State Programs	-	-	-	79,648	1,718,711	468,916	937,339	397,016	-	843,603	400,433	419,567	5,265,233
Other State	-	-	-	147,819	70,019	9,546	494,814	-	-	377,977	377,977	-	1,856,128
09/10 Deferrals	5,434,104	3,330,883	1,715,784	-	-	-	-	-	-	-	-	-	10,480,771
Federal	-	-	2,023,127	-	13,810	603,840	151,117	-	2,278,512	885,817	885,817	885,817	7,727,857
Other Local	225,119	98,688	114,786	183,518	35,884	1,350,613	288,633	133,778	94,141	199,243	199,243	199,243	3,122,888
Transfers In	-	-	15,005	1,549,564	-	95,536	-	60,000	380,000	13,635,529	(2,530,922)	(1,045,482)	12,159,231
Other Cash Inflows	682,579	1,016,757	898,038	785,363	107,058	219,086	113,049	421,161	77,592	-	-	-	4,320,683
TRANs Related Receipts	5,647,574	-	-	-	-	-	-	-	-	-	-	-	5,647,574
Total Receipts	12,406,067	7,381,230	7,884,132	6,983,269	7,193,695	20,034,285	9,657,315	2,145,278	4,440,853	28,620,028	2,393,243	2,067,557	111,206,952
Disbursements													
Salaries & Benefits	5,892,158	5,929,731	6,774,205	7,430,813	6,776,992	6,931,049	7,073,803	7,008,107	7,005,141	7,005,141	7,443,944	7,433,122	82,704,206
Commercial Warrant Exp	2,310,268	623,395	973,622	835,506	601,576	1,701,294	822,085	625,990	554,445	800,000	1,000,000	1,000,000	11,848,181
Transfers Out	450,000	50,000	2,954,906	45,000	50,000	-	-	10,000	-	100,000	-	-	3,659,906
Other Cash Outflows	383,354	6,013	49,707	498,759	5,398	26,230	44,291	188,148	-	(20,478)	(20,478)	(20,478)	1,140,467
TRANs Related Disbursements	-	-	-	-	-	-	2,859,063	-	-	2,859,063	-	-	5,718,125
Total Disbursements	9,035,781	6,609,139	10,752,439	8,810,079	7,433,965	8,658,673	10,799,241	7,832,245	7,559,586	10,743,726	8,423,467	8,412,644	105,070,885
Ending Cash Balance	4,330,773	5,102,864	2,234,557	407,747	167,476	11,543,188	10,401,262	4,714,295	1,595,562	19,471,864	13,441,641	7,096,553	7,096,553

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	7,096,553	6,479,649	5,826,962	10,015,097	4,191,806	2,307,725	9,016,869	12,185,181	7,082,763	2,551,685	13,148,333	6,294,003	7,096,553
Receipts													
State Aid Apportionment	-	-	4,137,519	-	3,238,058	3,238,058	9,174,497	249,007	-	1,750,493	547,556	-	22,335,188
Property Taxes	13,550	2,258	350,454	279,923	396,111	7,532,671	2,051,213	986,723	209,347	5,842,297	1,845,420	1,062,071	20,572,038
Special Education	-	-	756,833	-	592,304	592,304	1,678,193	45,548	-	320,198	100,158	-	4,085,538
Pupil Trans-Special Educ.	5,303	5,303	9,546	9,546	9,546	9,546	9,546	9,546	-	19,092	9,546	9,545	106,065
Pupil Transportation	41,380	41,380	74,483	74,483	74,483	74,483	74,483	74,483	-	148,966	74,483	74,487	827,594
EIA	-	-	-	-	703,592	-	-	351,796	-	351,796	351,797	-	1,758,981
CSR K-3	-	-	-	932,306	-	-	-	-	513,766	-	-	-	1,446,072
Lottery	379,091	-	-	379,091	-	-	379,091	-	-	379,092	-	-	1,516,365
Flexible State Programs	41,558	41,558	530,183	87,945	431,186	431,186	1,577,543	396,361	-	807,314	399,839	419,590	5,164,263
Other State	154,677	154,677	154,677	154,677	154,677	154,677	154,677	154,677	-	154,677	154,677	-	1,856,128
10/11 Deferrals	6,045,039	5,961,683	3,479,594	-	-	-	-	-	-	-	-	-	15,486,317
Federal	-	-	2,095,471	-	-	2,095,471	-	-	2,095,471	-	-	2,095,471	8,381,884
Other Local	199,243	199,243	199,243	199,243	199,243	199,243	199,243	199,243	199,243	199,243	199,243	199,238	2,390,911
Transfers In	(9,814,692)	42,589	42,589	42,589	42,589	42,589	42,589	42,589	42,589	12,917,211	(2,597,887)	(1,473,306)	(627,966)
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	8,895,000	-	-	-	-	-	-	-	-	-	-	-	8,895,000
Total Receipts	5,960,149	6,448,691	11,830,592	2,159,803	5,841,788	14,370,228	15,341,075	2,509,973	3,215,093	22,890,378	1,084,832	2,541,777	94,194,378
Disbursements													
Salaries & Benefits	5,861,589	6,003,470	6,656,478	6,920,225	6,840,451	6,893,306	6,778,667	6,881,621	6,886,256	6,969,739	7,085,372	7,075,071	80,652,245
Commercial Warrant Exp	903,028	1,085,472	973,542	1,050,433	872,983	755,340	934,160	718,334	847,477	864,055	841,352	1,109,504	10,955,681
Transfers Out	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	33,333	400,000
Other Cash Outflows	(20,897)	(20,897)	(20,897)	(20,897)	(20,897)	(20,897)	(20,897)	(20,897)	(20,897)	(20,897)	(20,897)	(20,896)	(250,763)
TRANs Related Disbursements	-	-	-	-	-	-	4,447,500	-	-	4,447,500	-	-	8,895,000
Total Disbursements	6,577,053	7,101,378	7,642,456	7,983,094	7,725,870	7,661,083	12,172,763	7,612,391	7,746,170	12,293,731	7,939,161	8,197,012	100,652,163
Ending Cash Balance	6,479,649	5,826,962	10,015,097	4,191,806	2,307,725	9,016,869	12,185,181	7,082,763	2,551,685	13,148,333	6,294,003	638,768	638,768

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
General	Special Reserve for Non-Capital Outlay	728,969	1,000,000
Special Revenue	Cafeteria	143,986	475,000
Capital Projects	Capital Facilities	2,952	900,000
Capital Projects	Special Reserve for Capital Outlay	1,237,687	837,687
Enterprise	Other Enterprise	167,618	800,000
Total		2,281,212	4,012,687

* Represents the maturity date

Oceanside Unified School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	8,666,783	16,400,662	15,597,772	15,438,517	8,909,143	8,209,988	27,225,560	24,814,562	15,073,388	8,609,082	14,591,683	10,150,096	8,666,783
Receipts													
State Aid Apportionment	-	4,277,919	4,521,901	3,379,605	5,769,201	11,538,402	5,769,201	526,216	-	8,387,497	1,031,840	-	45,201,782
Property Taxes	(98,329)	331,006	502,755	411,165	936,412	12,258,122	5,424,553	243,345	940,912	10,930,342	3,326,064	2,186,413	37,392,760
Special Education	-	-	-	1,589,684	753,008	1,506,016	753,008	67,268	-	1,072,203	131,903	-	5,873,090
Pupil Trans-Special Educ.	-	-	-	-	338,482	82,334	-	164,668	-	164,668	82,334	82,332	914,818
Pupil Transportation	-	-	-	-	611,727	148,798	-	297,598	-	297,598	148,799	148,798	1,653,318
EIA	-	-	-	-	-	1,178,983	-	534,675	571,219	-	571,219	-	2,856,096
CSR K-3	-	-	-	-	-	1,248,786	-	-	2,290,813	-	-	-	3,539,599
Lottery	620,828	-	-	655,452	-	-	550,687	-	-	600,078	-	-	2,427,046
Flexible State Programs	-	-	-	196,449	2,937,649	855,061	1,488,385	676,001	-	1,450,262	682,775	707,735	8,973,957
Other State	-	-	-	-	-	133,072	854,755	-	220,188	220,188	220,188	220,188	1,868,578
09/10 Deferrals	8,446,544	5,146,221	2,868,808	-	-	-	-	-	-	-	-	-	16,461,573
Federal	-	-	3,366,434	-	-	196,318	604,355	48,326	2,196,369	2,196,369	2,196,369	2,196,369	13,000,908
Other Local	-	-	-	-	-	-	1,241,984	214,710	1,253,979	1,253,979	1,253,979	1,253,979	6,472,609
Transfers In	-	45,034	-	-	-	512,007	81,730	-	-	-	-	-	638,771
Other Cash Inflows	4,695,471	2,491,857	1,560,451	3,075,572	2,638,419	3,676,883	1,742,242	2,144,420	-	-	-	-	22,025,315
TRANs Related Receipts	12,292,983	-	-	-	-	-	-	-	-	-	-	-	12,292,983
Total Receipts	25,957,498	12,292,037	12,820,349	9,307,926	13,984,897	33,334,782	18,490,900	4,917,227	7,473,479	26,573,184	9,645,469	6,795,454	181,593,203
Disbursements													
Salaries & Benefits	4,905,823	9,509,006	11,370,173	11,821,463	11,883,748	11,769,918	11,946,572	11,925,146	12,121,942	12,341,229	11,998,445	12,130,061	133,723,525
Commercial Warrant Exp	2,449,379	2,607,386	1,176,095	1,513,626	1,545,692	1,203,952	1,297,685	1,479,860	1,790,449	2,010,264	2,063,218	2,841,335	21,978,940
Transfers Out	-	275,811	59,595	287,465	-	75,793	101,106	45,205	-	-	-	-	844,976
Other Cash Outflows	10,868,416	702,725	373,741	2,214,746	1,254,613	1,269,547	1,342,839	1,208,191	25,394	25,394	25,394	25,394	19,336,393
TRANs Related Disbursements	-	-	-	-	-	-	6,213,696	-	-	6,213,696	-	-	12,427,392
Total Disbursements	18,223,618	13,094,928	12,979,604	15,837,300	14,684,052	14,319,210	20,901,898	14,658,402	13,937,784	20,590,583	14,087,056	14,996,789	188,311,225
Ending Cash Balance	16,400,662	15,597,772	15,438,517	8,909,143	8,209,988	27,225,560	24,814,562	15,073,388	8,609,082	14,591,683	10,150,096	1,948,761	1,948,761

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,948,761	20,497,187	13,500,714	16,350,450	8,750,576	5,943,742	13,999,769	23,202,613	13,498,770	5,289,661	3,852,467	13,356,009	1,948,761
Receipts													
State Aid Apportionment	-	-	6,632,445	-	5,190,609	5,190,609	14,706,726	399,158	-	2,806,044	877,734	-	35,803,325
Property Taxes	22,694	(113,107)	430,045	577,401	588,288	14,026,309	3,700,913	1,700,256	118,239	10,859,324	3,333,657	1,856,212	37,100,231
Special Education	-	-	947,668	-	741,653	741,653	2,101,351	57,033	-	400,937	125,414	-	5,115,709
Pupil Trans-Special Educ.	45,741	45,741	82,334	82,334	82,334	82,334	82,334	-	-	164,668	82,334	82,330	914,818
Pupil Transportation	82,666	82,666	148,799	148,799	148,799	148,799	148,799	148,799	-	297,598	148,799	148,795	1,653,318
EIA	-	-	-	-	1,178,983	-	-	589,491	-	589,491	589,492	-	2,947,457
CSR K-3	-	-	-	1,681,470	-	-	-	-	2,017,764	-	-	-	3,699,234
Lottery	593,330	-	-	593,330	-	-	593,330	-	-	593,331	-	-	2,373,321
Flexible State Programs	65,511	65,511	930,416	140,643	753,785	753,785	2,603,191	675,477	-	1,383,766	683,298	707,367	8,762,750
Other State	155,715	155,715	155,715	155,715	155,715	155,715	155,715	155,715	155,715	155,715	155,715	155,713	1,868,578
10/11 Deferrals	8,507,629	5,480,398	6,965,546	-	-	-	-	-	-	-	-	-	20,953,573
Federal	992,190	20,833	155,775	2,693,676	2,086,398	450,272	4,276,902	290,187	3,193,171	2,174,615	1,020,443	913,697	18,268,159
Other Local	117,471	57,927	321,604	217,719	333,668	329,870	1,348,360	150,981	336,918	172,876	120,603	1,097,038	4,605,035
Transfers In	-	-	-	-	-	-	-	-	-	-	21,000,000	-	21,000,000
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	13,170,000	-	-	-	-	-	-	-	-	-	-	-	13,170,000
Total Receipts	23,752,947	5,795,684	16,770,347	6,291,087	11,260,232	21,879,346	29,717,621	4,249,431	5,821,807	19,598,365	28,137,489	4,961,152	178,235,508
Disbursements													
Salaries & Benefits	3,554,504	10,450,180	11,849,508	12,266,082	12,340,803	12,135,785	12,304,678	12,374,392	12,416,569	12,641,187	12,290,071	12,424,886	137,048,646
Commercial Warrant Exp	1,624,208	2,316,168	2,045,295	1,599,071	1,700,456	1,661,726	1,599,291	1,553,074	1,588,539	1,783,565	1,830,547	2,520,915	21,822,854
Transfers Out	-	-	-	-	-	-	-	-	-	-	4,487,521	1,992,583	6,480,105
Other Cash Outflows	25,808	25,808	25,808	25,808	25,808	25,808	25,808	25,808	25,808	25,808	25,808	25,807	309,695
TRANs Related Disbursements	-	-	-	-	-	-	6,585,000	-	-	6,585,000	-	-	13,170,000
Total Disbursements	5,204,520	12,792,156	13,920,611	13,890,961	14,067,067	13,823,319	20,514,777	13,953,274	14,030,916	21,035,560	18,633,947	16,964,191	178,631,300
Ending Cash Balance	20,497,187	13,500,714	16,350,450	8,750,576	5,943,742	13,999,769	23,202,613	13,498,770	5,289,661	3,852,467	13,356,009	1,352,970	1,352,970

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
Special Revenue	Cafeteria	2,074,388	500,000
Special Revenue	Deferred Maintenance	2,883,847	500,000
Capital Projects	Capital Facilities	4,366,278	400,000
Total		9,324,513	1,400,000

* Represents the maturity date

Ramona Unified School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	760,397	1,563,561	3,429,172	2,738,152	353,576	248,567	5,887,265	7,246,952	3,836,601	829,282	4,126,716	2,015,977	760,397
Receipts													
State Aid Apportionment	-	1,152,437	1,218,164	916,353	1,556,978	3,113,956	1,556,978	131,555	-	2,096,890	257,961	-	12,001,272
Property Taxes	16,832	213,976	212,784	188,118	443,731	4,978,358	2,226,127	166,981	436,425	4,429,702	1,395,760	918,455	15,627,250
Special Education	-	-	-	605,032	286,594	573,188	286,594	25,602	-	408,078	50,202	-	2,235,290
Pupil Trans-Special Educ.	-	-	-	-	79,717	19,391	-	38,782	-	38,782	19,391	19,389	215,452
Pupil Transportation	-	-	-	-	151,693	36,898	-	73,796	-	73,796	36,898	36,900	409,981
EIA	-	-	-	-	-	217,938	-	113,317	110,418	-	110,418	-	552,091
CSR K-3	-	-	-	-	-	406,445	-	-	419,872	-	-	-	826,317
Lottery	202,809	-	-	214,120	-	-	161,764	-	-	206,175	-	-	784,868
Flexible State Programs	-	-	-	70,070	794,221	244,109	452,220	180,857	-	405,324	183,863	190,566	2,521,230
Other State	-	-	-	-	-	19,391	281,401	-	30,242	30,242	30,242	-	421,760
09/10 Deferrals	2,418,684	1,442,965	777,482	-	-	-	-	-	-	-	-	-	4,639,131
Federal	-	-	1,099,522	-	-	19,579	58,437	-	464,433	464,433	464,433	464,433	3,035,271
Other Local	42,705	84,958	129,143	138,539	369,536	188,431	486,545	319,346	382,168	382,168	382,168	382,168	3,287,874
Transfers In	-	-	-	-	400,000	-	-	-	-	-	-	3,195,946	3,595,946
Other Cash Inflows	242,766	656,890	346,654	536,735	537,211	314,346	446,800	168,954	-	-	-	-	3,250,358
TRANs Related Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts	2,923,797	3,551,227	3,783,749	2,668,967	4,619,681	10,132,030	5,956,866	1,219,190	1,843,558	8,535,590	2,931,335	5,238,099	53,404,091
Disbursements													
Salaries & Benefits	1,421,405	1,325,310	3,864,377	4,177,030	4,196,026	4,093,327	4,070,821	4,222,072	4,067,441	4,122,512	4,209,290	4,079,714	43,849,325
Commercial Warrant Exp	565,903	351,059	609,672	445,195	512,143	384,301	487,070	398,414	787,127	719,334	836,474	1,149,092	7,245,785
Transfers Out	-	-	-	-	-	-	-	-	-	400,000	-	-	400,000
Other Cash Outflows	133,326	9,246	720	431,316	16,522	15,704	39,289	9,055	(3,690)	(3,690)	(3,690)	(3,690)	640,418
TRANs Related Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements	2,120,634	1,685,616	4,474,769	5,053,542	4,724,691	4,493,332	4,597,179	4,629,541	4,850,878	5,238,155	5,042,074	5,225,116	52,135,527
Ending Cash Balance	1,563,561	3,429,172	2,738,152	353,576	248,567	5,887,265	7,246,952	3,836,601	829,282	4,126,716	2,015,977	2,028,961	2,028,961

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,028,961	6,796,721	7,100,283	7,578,197	4,460,230	2,624,825	6,208,151	7,685,239	4,990,198	1,782,390	2,644,035	619,272	2,028,961
Receipts													
State Aid Apportionment	-	-	1,539,175	-	1,204,572	1,204,572	3,412,955	92,631	-	651,191	203,693	-	8,308,789
Property Taxes	7,035	1,172	288,777	228,382	297,328	5,696,031	1,543,873	743,848	154,526	4,408,325	1,388,818	795,505	15,553,619
Special Education	-	-	321,622	-	251,704	251,704	713,162	19,356	-	136,071	42,563	-	1,736,182
Pupil Trans-Special Educ.	10,773	10,773	19,391	19,391	19,391	19,391	19,391	-	-	38,782	19,391	19,387	215,452
Pupil Transportation	20,499	20,499	36,898	36,898	36,898	36,898	36,898	36,898	-	73,796	36,898	36,901	409,981
EIA	-	-	-	-	220,837	-	-	110,418	-	110,418	-	-	552,092
CSR K-3	-	-	-	399,215	-	-	-	-	479,059	-	-	-	878,274
Lottery	203,856	-	-	203,856	-	-	203,856	-	-	203,857	-	-	815,425
Flexible State Programs	21,109	21,109	258,952	43,758	210,917	210,917	763,478	180,279	-	373,398	183,340	190,581	2,457,838
Other State	35,147	35,147	35,147	35,147	35,147	35,147	35,147	35,147	35,147	35,147	35,147	35,143	421,760
10/11 Deferrals	3,084,862	1,442,596	1,833,528	-	-	-	-	-	-	-	-	-	6,360,986
Federal	342,864	342,864	342,864	342,864	342,864	342,864	342,864	342,864	342,864	342,864	342,864	342,864	4,114,368
Other Local	246,293	246,293	246,293	246,293	246,293	246,293	246,293	246,293	246,293	246,293	246,293	246,297	2,955,520
Transfers In	-	-	-	-	-	-	-	-	-	-	-	3,089,000	3,089,000
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	2,555,000	-	-	-	-	-	-	-	-	-	-	-	2,555,000
Total Receipts	6,527,438	2,120,453	4,922,647	1,555,804	2,865,951	8,043,817	7,317,917	1,827,125	1,257,889	6,620,142	2,609,426	4,755,678	50,424,286
Disbursements													
Salaries & Benefits	1,339,314	1,327,220	3,780,348	4,000,177	4,222,404	4,064,629	4,097,038	4,133,391	4,015,854	4,070,227	4,155,905	4,027,972	43,234,480
Commercial Warrant Exp	424,181	493,489	668,203	677,411	482,770	399,681	470,108	392,593	453,660	414,588	482,102	662,279	6,021,066
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Outflows	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,818)	(3,812)	(45,810)
TRANs Related Disbursements	-	-	-	-	-	-	1,277,500	-	-	1,277,500	-	-	2,555,000
Total Disbursements	1,759,678	1,816,891	4,444,734	4,673,771	4,701,356	4,460,491	5,840,828	4,522,166	4,465,697	5,758,497	4,634,188	4,686,439	51,764,736
Ending Cash Balance	6,796,721	7,100,283	7,578,197	4,460,230	2,624,825	6,208,151	7,685,239	4,990,198	1,782,390	2,644,035	619,272	688,511	688,511

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
Internal Service	Cafeteria	599,902	381,597
Capital Projects	Capital Facilities	3,165,205	2,172,575
Trust and Agency	Self-Insurance Fund	342,641	297,216
Total		4,107,748	2,851,388

* Represents the maturity date

San Dieguito Union High School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	15,827,295	29,140,313	24,600,207	18,509,613	12,726,876	7,552,935	28,337,002	24,188,175	17,818,539	11,459,044	19,236,315	18,278,760	15,827,295
Receipts													
State Aid Apportionment	-	(7,038)	(7,261)	(3,023)	-	(5,774)	(2,310)	90	-	1,432	176	-	(23,708)
Property Taxes	45,503	816,954	847,562	830,920	2,059,827	27,875,518	9,794,566	821,485	2,015,375	22,363,294	6,975,480	3,534,071	77,980,554
Special Education	-	-	-	749,349	354,955	709,910	354,955	31,709	-	505,419	62,177	-	2,768,474
Pupil Trans-Special Educ.	-	-	-	-	21,979	5,346	-	10,692	-	10,692	5,346	5,347	59,402
Pupil Transportation	-	-	-	-	178,657	43,457	-	43,457	-	86,914	43,457	86,914	482,856
EIA	-	-	-	-	-	145,830	-	83,279	76,370	-	76,370	-	381,849
CSR K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
Lottery	393,065	-	-	414,986	-	-	399,927	-	-	376,422	-	-	1,584,400
Flexible State Programs	-	-	-	534,537	1,528,286	539,401	879,365	368,835	77,673	921,475	453,826	154,240	5,457,638
Other State	(298,243)	-	-	-	(1,485,025)	(501,706)	328,332	(294,712)	63,553	(745,805)	(341,126)	(809,620)	(4,084,354)
09/10 Deferrals	639,519	155,497	103,323	-	-	-	-	-	-	-	-	-	898,339
Federal	-	-	2,413,491	-	-	51,371	193,954	9,110	194,751	344,751	244,751	544,751	3,996,932
Other Local	248,376	267,107	290,886	515,098	206,275	401,858	338,154	535,482	257,553	257,553	257,553	257,553	3,833,448
Transfers In	-	145,932	-	67,200	-	458,573	-	-	5,600	5,600	5,600	156,410	844,914
Other Cash Inflows	162,680	483,459	540,090	364,318	291,170	39,499	259,917	164,357	-	-	-	-	2,305,492
TRANs Related Receipts	15,233,071	-	-	-	-	-	-	-	-	-	-	-	15,233,071
Total Receipts	16,423,971	1,861,911	4,188,091	3,473,385	3,156,123	29,763,283	12,546,860	1,773,784	2,690,875	24,127,747	7,783,610	3,929,666	111,719,307
Disbursements													
Salaries & Benefits	2,261,030	5,469,361	7,198,907	7,572,426	7,298,238	8,072,901	7,870,943	7,253,658	7,713,095	7,455,906	7,324,106	7,528,909	83,019,481
Commercial Warrant Exp	810,984	731,243	2,924,527	1,075,783	969,226	843,176	1,038,093	788,739	1,257,846	1,117,273	1,337,629	1,172,229	14,066,748
Transfers Out	35,000	45,147	21,984	-	-	-	-	-	-	-	-	-	102,132
Other Cash Outflows	3,939	156,265	133,268	607,912	62,600	63,140	88,783	101,023	79,429	79,429	79,429	79,429	1,534,649
TRANs Related Disbursements	-	-	-	-	-	-	7,697,867	-	-	7,697,867	-	-	15,395,734
Total Disbursements	3,110,953	6,402,017	10,278,686	9,256,121	8,330,064	8,979,217	16,695,587	8,143,420	9,050,370	16,350,476	8,741,165	8,780,567	114,118,743
Ending Cash Balance	29,140,313	24,600,207	18,509,613	12,726,876	7,552,935	28,337,002	24,188,175	17,818,539	11,459,044	19,236,315	18,278,760	13,427,859	13,427,859

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	13,427,859	27,713,395	21,407,935	14,764,992	7,679,914	609,062	20,581,367	14,051,599	10,191,135	2,409,573	9,736,221	9,019,915	13,427,859
Receipts													
State Aid Apportionment	-	-	(4,644)	-	-	-	(8,978)	(108)	-	(759)	(238)	-	(14,727)
Property Taxes	-	(494)	1,156,413	900,106	1,432,910	28,603,246	7,634,173	3,675,093	740,632	22,229,812	6,940,640	3,902,478	77,215,009
Special Education	-	-	424,869	-	332,506	332,506	942,101	25,670	-	179,752	56,227	-	2,293,531
Pupil Trans-Special Educ.	2,970	2,970	5,346	5,346	5,346	5,346	-	-	-	10,692	5,346	5,348	59,402
Pupil Transportation	24,143	24,143	43,457	43,457	43,457	43,457	43,457	43,457	-	86,914	43,457	43,457	482,856
EIA	-	-	-	-	152,739	-	-	76,370	-	-	76,369	-	381,848
CSR K-3	-	-	-	-	-	-	-	-	-	-	-	-	-
Lottery	372,189	-	-	372,189	-	-	372,189	-	-	372,190	-	-	1,488,757
Flexible State Programs	39,443	39,443	709,107	82,965	361,222	361,222	1,844,921	367,434	-	766,109	374,881	387,260	5,334,007
Other State	(66,556)	(66,556)	(1,182,779)	(131,768)	(895,270)	(742,531)	(712,532)	63,553	63,553	63,553	63,553	63,549	(3,480,231)
10/11 Deferrals	799,108	324,017	411,823	-	-	-	-	-	-	-	-	-	1,534,948
Federal	-	-	-	-	-	50,000	193,627	143,627	193,627	193,627	193,627	343,627	1,311,762
Other Local	319,454	319,454	319,454	319,454	319,454	319,454	319,454	319,454	319,454	319,454	319,454	319,454	3,833,448
Transfers In	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	16,540,000	-	-	-	-	-	-	-	-	-	-	-	16,540,000
Total Receipts	18,030,751	642,977	1,883,046	1,591,749	1,752,364	28,972,700	10,633,758	4,719,796	1,317,266	24,297,714	8,073,316	5,065,173	106,980,610
Disbursements													
Salaries & Benefits	2,597,091	5,609,854	7,180,035	7,405,701	7,454,843	7,816,901	7,568,076	7,339,299	7,713,095	7,455,906	7,324,106	8,011,988	83,476,895
Commercial Warrant Exp	1,020,237	1,210,696	1,218,067	1,143,239	1,240,486	1,055,606	1,197,564	1,113,075	1,257,846	1,117,273	1,337,629	2,537,557	15,449,274
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Outflows	127,887	127,887	127,887	127,887	127,887	127,887	127,887	127,887	127,887	127,887	127,887	127,892	1,534,649
TRANs Related Disbursements	-	-	-	-	-	-	8,270,000	-	-	8,270,000	-	-	16,540,000
Total Disbursements	3,745,215	6,948,437	8,525,989	8,676,827	8,823,216	9,000,394	17,163,527	8,580,261	9,098,828	16,971,066	8,789,623	10,677,436	117,000,618
Ending Cash Balance	27,713,395	21,407,935	14,764,992	7,679,914	609,062	20,581,367	14,051,599	10,191,135	2,409,573	9,736,221	9,019,915	3,407,651	3,407,651

ALTERNATIVE CASH RESOURCES			
Fund Type	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11	Projected Cash Balance as of 4/30/12*
Special Revenue	2,405,821	2,435,803	2,454,803
Other	735,410	715,410	625,410
Capital Projects	2,450,969	1,266,944	719,934
Total	5,592,220	4,418,157	3,800,147

*Represents the maturity date

San Ysidro School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	2,201,808	6,833,883	6,321,416	5,543,114	2,391,281	2,046,198	6,956,580	5,366,328	2,871,142	1,946,672	3,761,128	3,442,876	2,201,808
Receipts													
State Aid Apportionment	-	648,665	685,660	524,913	880,692	1,761,384	880,692	114,508	-	1,825,168	224,534	-	7,546,216
Property Taxes	13,563	177,842	172,659	165,729	385,752	4,423,913	1,940,443	152,521	394,559	3,868,489	1,217,553	719,699	13,632,723
Special Education	-	-	-	422,013	199,901	399,802	199,901	17,858	-	284,637	35,017	-	1,559,129
Pupil Trans-Special Educ.	-	-	-	-	8,638	2,101	-	4,202	-	4,202	2,101	2,101	23,345
Pupil Transportation	-	-	-	-	29,752	7,237	-	14,474	-	14,474	7,237	-	80,411
EIA	-	-	-	-	-	673,061	-	364,710	-	345,924	-	-	1,729,619
CSR K-3	-	-	-	-	-	475,792	-	-	311,619	-	345,924	-	787,411
Lottery	147,220	-	-	155,430	-	-	158,943	-	-	155,759	-	-	617,352
Flexible State Programs	-	-	-	26,060	530,639	146,185	321,620	123,842	-	261,540	123,777	131,579	1,665,243
Other State	-	-	-	-	581,978	2,101	189,415	-	167,329	167,329	167,329	167,329	1,442,811
09/10 Deferrals	1,331,101	715,331	372,773	-	-	-	-	-	-	-	-	-	2,419,205
Federal	-	-	779,441	-	60,468	451,367	236,928	-	505,568	505,568	505,568	505,568	3,550,474
Other Local	48,946	10,814	28,339	35,345	32,388	17,242	137,529	63,642	419,589	419,589	419,589	419,589	2,052,599
Transfers In	-	100,000	-	-	300,000	-	-	-	1,071,173	245,275	245,275	245,275	2,206,999
Other Cash Inflows	516,957	705,982	488,248	254,999	187,615	353,305	78,305	53,273	-	-	-	-	2,638,684
TRANs Related Receipts	4,383,980	-	-	-	-	-	-	-	-	-	-	-	4,383,980
Total Receipts	6,441,767	2,358,634	2,527,120	1,584,490	3,197,822	8,713,491	4,143,775	909,030	3,215,761	7,762,031	3,293,904	2,198,377	46,336,202
Disbursements													
Salaries & Benefits	1,049,330	2,316,652	2,779,339	3,146,145	2,997,832	3,027,471	3,009,835	3,020,685	2,996,547	3,034,932	2,990,538	3,052,665	33,421,972
Commercial Warrant Exp	524,852	540,109	521,324	1,356,466	538,961	758,138	481,866	381,472	648,329	687,881	628,030	642,494	7,709,922
Transfers Out	-	-	-	-	-	14,676	-	-	501,766	-	-	-	516,442
Other Cash Outflows	235,510	14,340	4,760	233,711	6,111	2,823	21,152	2,059	(6,412)	(6,412)	(6,412)	(6,412)	494,821
TRANs Related Disbursements	-	-	-	-	-	-	2,221,174	-	-	2,221,174	-	-	4,442,348
Total Disbursements	1,809,692	2,871,101	3,305,423	4,736,323	3,542,905	3,803,108	5,734,027	3,404,216	4,140,231	5,937,575	3,612,156	3,688,747	46,585,505
Ending Cash Balance	6,833,883	6,321,416	5,543,114	2,391,281	2,046,198	6,956,580	5,366,328	2,871,142	1,946,672	3,761,128	3,442,876	1,952,505	1,952,505

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	1,952,505	5,438,483	3,872,300	4,273,445	2,414,719	1,920,947	5,352,065	6,002,908	4,550,950	2,472,640	3,267,242	2,478,514	1,952,505
Receipts													
State Aid Apportionment	-	-	1,187,239	-	929,144	929,144	2,632,575	71,452	-	502,294	157,118	-	6,408,966
Property Taxes	5,195	866	248,913	387,480	255,378	4,901,834	1,327,428	639,627	132,018	3,792,568	1,194,228	682,565	13,568,100
Special Education	-	-	267,779	-	209,566	209,566	593,769	16,116	-	113,291	35,437	-	1,445,524
Pupil Trans-Special Educ.	1,167	1,167	2,101	2,101	2,101	2,101	2,101	2,101	-	4,202	2,101	2,102	23,345
Pupil Transportation	4,021	4,021	7,237	7,237	7,237	7,237	7,237	7,237	-	14,474	7,237	7,236	80,411
EIA	-	-	-	-	691,848	-	-	345,924	-	345,923	345,924	-	1,729,619
CSR K-3	-	-	-	385,560	-	-	-	-	462,672	-	-	-	848,232
Lottery	154,008	-	-	154,008	-	-	154,008	-	-	154,006	-	-	616,030
Flexible State Programs	15,262	15,262	163,389	31,349	133,841	133,841	512,752	122,446	-	249,668	123,583	132,763	1,634,156
Other State	120,234	120,234	120,234	120,234	120,234	120,234	120,234	120,234	120,234	120,234	120,234	120,237	1,442,811
10/11 Deferrals	2,652,568	1,221,120	1,552,034	-	-	-	-	-	-	-	-	-	5,425,722
Federal	433,397	433,397	433,397	433,397	433,397	433,397	433,397	433,397	433,397	433,397	433,397	433,397	5,200,764
Other Local	171,050	171,050	171,050	171,050	171,050	171,050	171,050	171,050	171,050	171,050	171,050	171,049	2,052,599
Transfers In	62,437	62,437	62,437	62,437	62,437	62,437	62,437	62,437	62,437	62,437	62,437	1,062,437	1,749,247
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANs Related Receipts	3,345,000	-	-	-	-	-	-	-	-	-	-	-	3,345,000
Total Receipts	6,964,339	2,029,554	4,215,810	1,754,853	3,016,233	6,970,842	6,016,989	1,992,021	1,381,808	5,963,544	2,652,746	2,611,787	45,570,526
Disbursements													
Salaries & Benefits	2,876,343	2,876,343	2,876,343	2,876,343	2,876,343	2,876,343	2,876,343	2,876,343	2,876,343	2,876,343	2,876,343	2,876,343	34,516,110
Commercial Warrant Exp	613,665	731,040	949,969	748,883	645,308	675,027	828,950	579,283	595,421	631,745	576,778	1,331,922	8,907,991
Transfers Out	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Outflows	(11,646)	(11,646)	(11,646)	(11,646)	(11,646)	(11,646)	(11,646)	(11,646)	(11,646)	(11,646)	(11,646)	(11,641)	(139,747)
TRANs Related Disbursements	-	-	-	-	-	-	1,672,500	-	-	1,672,500	-	-	3,345,000
Total Disbursements	3,478,362	3,595,736	3,814,666	3,613,579	3,510,004	3,539,723	5,366,146	3,443,980	3,460,118	5,168,942	3,441,475	4,196,623	46,629,354
Ending Cash Balance	5,438,483	3,872,300	4,273,445	2,414,719	1,920,947	5,352,065	6,002,908	4,550,950	2,472,640	3,267,242	2,478,514	893,677	893,677

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
			Projected Cash Balance as of 4/30/12*
Total		0	0

* Represents the maturity date

Santee Elementary School District

2010-2011 GENERAL FUND CASH FLOW (ACTUAL AND PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	790,314	5,903,991	7,575,371	7,885,598	4,977,166	4,777,911	9,964,309	8,805,572	6,280,683	3,695,458	4,653,176	2,454,244	790,314
Receipts													
State Aid Apportionment	-	1,462,032	1,545,416	1,149,041	1,968,863	3,937,726	1,968,863	183,391	-	2,948,266	362,699	-	15,526,297
Property Taxes	22,157	219,487	149,675	140,155	106,172	3,002,863	1,345,769	96,092	259,591	2,716,499	858,214	755,461	9,672,137
Special Education	-	-	-	632,127	299,429	598,858	299,429	26,749	-	426,356	52,451	-	2,335,399
Pupil Trans-Special Educ.	-	-	-	-	45,687	11,113	-	22,226	-	33,339	11,113	11,113	134,591
Pupil Transportation	-	-	-	-	83,489	20,308	-	40,616	-	29,492	20,308	20,308	214,521
EIA	-	-	-	-	-	129,210	-	72,492	67,234	41,864	14,859	-	325,659
CSR K-3	-	-	-	-	-	611,006	-	-	178,559	-	-	-	789,565
Lottery	198,625	-	-	209,702	-	-	192,107	-	-	232,996	-	-	833,429
Flexible State Programs	-	-	-	22,680	795,955	203,907	431,064	183,436	-	178,856	164,688	329,510	2,310,096
Other State	-	-	-	-	-	11,113	248,806	37,907	7,084	23,517	18,479	57,390	404,296
09/10 Deferrals	3,077,657	1,763,714	983,520	-	-	-	-	-	-	-	-	-	5,824,891
Federal	-	-	1,030,071	-	-	173,044	154,154	-	872,841	558,345	753,396	534,965	4,076,616
Other Local	30,773	115,076	18,003	81,396	309,696	91,694	117,746	160,317	64,528	57,282	19,404	93,910	1,159,824
Transfers In	-	134,498	-	438,847	-	-	-	-	78,923	-	-	734,957	1,387,225
Other Cash Inflows	320,872	342,483	272,355	473,568	65,289	12,197	82,932	484,759	-	-	-	-	2,054,456
TRANS Related Receipts	3,577,280	-	-	-	-	-	-	-	-	-	-	-	3,577,280
Total Receipts	7,227,365	4,037,290	3,999,040	3,147,516	3,674,580	8,803,039	4,840,871	1,307,985	1,528,560	7,246,812	2,275,611	2,537,614	50,626,281
Disbursements													
Salaries & Benefits	1,126,343	1,779,923	3,171,857	3,464,860	3,395,256	3,326,833	3,479,662	3,410,017	3,439,361	3,868,116	3,868,116	3,868,116	38,198,461
Commercial Warrant Exp	840,016	509,225	500,330	411,229	350,213	226,857	671,604	374,721	244,203	545,784	545,784	545,784	5,765,750
Transfers Out	-	28,964	10,000	2,140,739	118,025	-	-	-	-	-	-	-	2,297,729
Other Cash Outflows	147,328	47,797	6,626	39,120	10,340	62,951	33,790	48,135	430,221	60,643	60,643	60,640	1,008,234
TRANS Related Disbursements	-	-	-	-	-	-	1,814,552	-	-	1,814,552	-	-	3,629,103
Total Disbursements	2,113,687	2,365,910	3,688,813	6,055,948	3,873,834	3,616,641	5,999,607	3,832,874	4,113,785	6,289,095	4,474,543	4,474,540	50,899,278
Ending Cash Balance	5,903,991	7,575,371	7,885,598	4,977,166	4,777,911	9,964,309	8,805,572	6,280,683	3,695,458	4,653,176	2,454,244	517,318	517,318

2011-2012 GENERAL FUND CASH FLOW (PROJECTED)													
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Beginning Cash Balance	517,318	3,409,725	4,799,957	5,500,299	1,179,375	370,860	1,535,414	4,408,277	2,560,740	1,547,009	1,138,862	443,653	517,318
Receipts													
State Aid Apportionment	-	-	2,274,710	-	1,780,208	1,780,208	5,043,921	136,898	-	962,380	301,033	-	12,279,358
Property Taxes	22,515	218,582	149,161	139,780	106,008	2,988,851	1,339,636	95,688	95,688	2,651,128	837,741	736,425	9,381,203
Special Education	-	-	346,057	-	270,827	270,827	767,344	320,827	-	146,409	45,797	-	2,168,088
Pupil Trans-Special Educ.	22,218	-	-	-	45,669	-	-	11,109	11,109	11,109	11,109	11,109	123,432
Pupil Transportation	40,601	-	-	-	83,458	-	-	20,301	20,301	20,301	20,301	20,301	225,564
EIA	62,851	-	-	-	62,851	-	-	-	62,851	-	62,851	-	314,255
CSR K-3	-	-	-	-	397,679	-	85,326	353,493	-	-	-	-	836,498
Lottery	419,174	-	-	-	-	-	206,701	-	219,428	-	-	-	845,303
Flexible State Programs	67,502	-	-	20,044	690,613	10,701	12,004	164,772	164,717	179,319	165,369	164,717	1,639,758
Other State	769	19,144	-	6,258	80,281	20,511	4,737	249,990	82,508	22,543	20,104	59,645	566,490
10/11 Deferrals	2,660,200	3,319,959	1,920,526	-	-	-	-	-	-	-	-	-	7,900,685
Federal	316,843	154,688	93,332	66,973	434,134	56,750	37,240	884,485	42,140	244,775	409,174	152,275	2,892,809
Other Local	8,419	14,821	12,729	22,665	70,884	132,879	101,775	11,073	11,073	142,561	27,486	28,428	584,793
Transfers In	-	-	-	-	-	-	-	-	2,853,100	-	1,500,000	3,000,000	7,353,100
Other Cash Inflows	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANS Related Receipts	1,385,000	-	-	-	-	-	-	-	-	-	-	-	1,385,000
Total Receipts	5,006,092	3,727,194	4,796,515	255,720	4,022,612	5,260,727	7,661,535	2,248,636	3,562,915	4,380,525	3,400,965	4,172,900	48,496,336
Disbursements													
Salaries & Benefits	1,126,343	1,779,923	3,637,361	3,637,361	3,637,361	3,637,361	3,637,361	3,637,361	3,637,361	3,637,361	3,637,361	3,637,361	39,279,876
Commercial Warrant Exp	840,016	509,225	417,000	417,000	417,000	417,000	417,000	417,000	417,000	417,000	417,000	417,000	5,519,241
Transfers Out	-	-	-	-	734,957	-	-	-	-	-	-	-	734,957
Other Cash Outflows	147,326	47,814	41,812	522,283	41,809	41,812	41,811	41,812	522,285	41,811	41,813	41,811	1,574,199
TRANS Related Disbursements	-	-	-	-	-	-	692,500	-	-	692,500	-	-	1,385,000
Total Disbursements	2,113,685	2,336,962	4,096,173	4,576,644	4,831,127	4,096,173	4,788,672	4,096,173	4,576,646	4,788,672	4,096,174	4,096,172	48,493,273
Ending Cash Balance	3,409,725	4,799,957	5,500,299	1,179,375	370,860	1,535,414	4,408,277	2,560,740	1,547,009	1,138,862	443,653	520,381	520,381

ALTERNATIVE CASH RESOURCES			
Fund Type	Fund Purpose	Audited Cash Balance as of 6/30/10	Projected Cash Balance as of 6/30/11
Special Revenue	Cafeteria	671,290	500,000
Capital Projects	Capital Projects	6,013,255	25,048,624
Capital Projects	Special Reserve for Capital Outlay	2,170,157	45,864
Trust and Agency	Other Enterprise	865,603	300,000
Total		9,720,305	25,894,488

* Represents the maturity date

APPENDIX D

2011-12 CASH FLOW PROJECTIONS OF THE COUNTY

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**COUNTY OF SAN DIEGO
GENERAL FUND MONTHLY CASH FLOW SUMMARY
FISCAL YEAR 2010/2011 ESTIMATED/ACTUAL**

As of May 13, 2011

(in thousands)

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate	
1 Beginning Cash Balance	614,147												614,147
Revenue Categories:													
2 Taxes Current Property	0	5,187	5,271	4,849	12,390	182,398	68,371	4,812	11,805	140,695	39,534	17,963	493,276
3 Taxes Other Than Current Secured	12,210	4,702	12,081	6,087	9,478	6,324	161,593	5,131	5,333	12,114	149,642	13,670	398,365
Licenses, Permits & Franchises	2,292	4,089	2,858	2,401	3,564	3,632	4,183	3,808	3,715	8,536	1,232	277	40,589
Fines, Forfeitures & Penalties	1,531	1,709	1,544	2,047	3,887	1,728	3,246	3,761	6,701	5,044	6,889	13,883	51,968
Revenue Use - Money & Property	4,786	647	1,444	1,836	764	724	1,414	1,008	717	1,751	1,123	456	16,669
Intergovernmental Revenue	83,305	115,483	101,699	119,280	128,074	137,616	143,910	91,384	169,218	121,599	134,267	165,665	1,511,500
Charges for Current Services	29,464	23,248	17,963	24,096	32,142	32,979	30,722	26,308	29,154	37,276	25,370	18,560	327,282
Miscellaneous Revenue	461	2,298	409	4,187	2,010	9,754	1,039	2,857	886	3,321	1,675	1,679	30,575
Other Financing Sources	14,606	785	32,405	18,032	18,762	18,052	14,917	29,376	26,110	19,293	13,616	18,842	224,796
Total Revenues	148,656	158,148	175,674	182,814	211,071	393,207	429,397	168,445	253,639	349,628	373,347	250,994	3,095,020
4 Teeter Receipts	24,793	3,867	17,213	10,719	7,682	6,890	6,492	3,586	4,576	12,953	3,009	3,219	105,000
Short Term Borrowing (Trans)	140,000												140,000
Total Receipts	313,450	162,015	192,888	193,533	218,753	400,097	435,889	172,032	258,215	362,581	376,356	254,213	3,340,021
Expenditure Categories:													
5 Salaries & Employee Benefits	458,376	81,362	80,365	116,316	80,121	80,914	79,790	80,013	79,965	116,371	80,464	97,038	1,431,094
Services and Supplies	91,328	64,508	88,208	86,275	67,292	80,950	85,044	68,505	91,207	74,883	81,390	109,397	988,988
6 Other Charges	83,601	37,480	51,266	37,749	40,877	57,999	33,118	36,249	50,703	56,440	43,303	39,007	567,793
Fixed Assets - Equipment	1,096	429	474	259	82	2,528	77	226	650	1,517	284	512	8,134
Operating Transfers	3,000	1,757	3,566	3,555	13,993	7,562	1,394	5,305	11,791	1,241	10,419	11,371	74,953
Total Expenditures	637,401	185,535	223,879	244,153	202,364	229,954	199,424	190,298	234,315	250,452	215,862	257,325	3,070,962
Teeter Disbursements												95,700	95,700
Short-Term Borrowing (Trans)							84,000			56,000			140,000
Total Disbursements	637,401	185,535	223,879	244,153	202,364	229,954	283,424	190,298	234,315	306,452	215,862	353,025	3,306,662
General Fund Month Ending Cash	290,196	266,676	235,685	185,065	201,454	371,597	524,062	505,795	529,694	585,824	746,318	647,506	647,506
7 Tobacco Tax Settlement Ending Cash	8,007	8,007	8,007	8,023	8,023	8,023	8,036	8,036	8,036	8,049	8,049	8,049	8,049
Cash Balance Including Tobacco	298,203	274,682	243,691	193,088	209,476	379,619	532,098	513,831	537,730	593,873	754,367	655,555	655,555

Footnotes:

- Actual beginning cash balance on July 1, 2010 is for the General Fund only.
- Property tax payments are received in December and April. The County participates in the alternative method of secured property tax apportionment (the TEETER Plan) available under the Revenue and Taxation Code of the State of California.
- VLF- in- lieu payments are apportioned each January and May.
- Teeter cash receipts of \$104 million are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.
- July includes \$292 million for Retirement Advances and OPEB, and \$79.8 million for POBs. October and April have three pay periods. The third pay period does not include health benefits.
- July includes \$24.2 million COPS annual lease payment, \$6.7 million ERP Bond payment and \$4 million contribution to Library.
- The Tobacco Settlement Trust Fund represents amounts that are available to the General Fund, however, to facilitate tracking of these balances, they are maintained in a separate trust fund.

**COUNTY OF SAN DIEGO
GENERAL FUND MONTHLY CASH FLOW SUMMARY
FISCAL YEAR 2011/2012 ESTIMATED**

(in thousands)

	Jul Estimate	Aug Estimate	Sep Estimate	Oct Estimate	Nov Estimate	Dec Estimate	Jan Estimate	Feb Estimate	Mar Estimate	Apr Estimate	May Estimate	Jun Estimate	Total
1 Beginning Cash Balance	647,506												647,506
Revenue Categories:													
2 Taxes Current Property	0	5,319	5,405	4,973	12,705	187,034	70,108	4,934	12,106	144,271	40,538	18,419	505,814
3 Taxes Other Than Current Secured	12,014	4,627	11,887	5,989	9,326	6,223	159,003	5,049	5,248	11,919	136,912	13,451	381,647
Licenses, Permits & Franchises	2,350	4,193	2,931	2,461	3,655	3,725	4,289	3,905	3,809	8,752	1,263	284	41,618
Fines, Forfeitures & Penalties	1,602	1,788	1,615	2,141	4,066	1,808	3,396	3,934	7,010	5,277	7,206	14,523	54,364
Revenue Use - Money & Property	5,080	687	1,532	1,949	811	769	1,501	1,069	760	1,858	1,192	484	17,691
Intergovernmental Revenue	90,230	132,164	114,201	137,112	148,572	161,008	169,211	126,822	176,127	140,134	156,643	197,561	1,749,784
Charges for Current Services	25,256	19,927	15,397	20,654	27,551	28,268	26,333	22,551	24,990	31,952	21,746	24,481	289,105
Miscellaneous Revenue	1,992	1,108	1,162	933	701	1,383	2,743	1,041	1,711	1,014	4,953	6,953	25,692
Other Financing Sources	18,805	19,566	18,826	15,557	30,636	27,229	18,643	16,383	21,806	20,120	14,200	19,650	241,422
Total Revenues	157,329	189,378	172,956	191,769	238,023	417,445	455,227	185,689	253,566	365,297	384,653	295,805	3,307,137
4 Teeter Receipts	23,559	3,674	16,357	10,186	7,300	6,547	6,169	3,408	4,348	12,308	7,611	3,534	105,000
Short Term Borrowing (Trans)	50,000												50,000
Total Receipts	230,888	193,052	189,312	201,955	245,323	423,992	461,396	189,097	257,914	377,606	392,264	299,339	3,462,137
Expenditure Categories:													
5 Salaries & Employee Benefits	493,635	103,222	121,321	85,413	85,308	85,515	85,398	85,513	127,728	85,283	85,400	85,481	1,529,218
Services and Supplies	105,978	84,368	102,126	97,929	83,028	91,197	90,647	90,912	98,480	106,790	91,984	141,598	1,185,036
6 Other Charges	90,312	39,298	57,170	42,260	36,946	61,643	35,547	38,897	56,136	64,222	39,012	38,669	600,111
Fixed Assets - Equipment	1,438	335	235	115	582	744	304	547	2,170	749	304	547	8,070
Operating Transfers	9,424	9,051	9,594	9,591	12,722	10,793	12,276	15,009	16,954	15,469	16,543	15,156	152,580
Total Expenditures	700,787	236,275	290,445	235,307	218,586	249,891	224,172	230,877	301,468	272,513	233,242	281,450	3,475,015
Teeter Disbursements												95,700	95,700
Short-Term Borrowing (Trans)							30,000			20,000			50,000
Total Disbursements	700,787	236,275	290,445	235,307	218,586	249,891	254,172	230,877	301,468	292,513	233,242	377,150	3,620,715
General Fund Month Ending Cash	177,606	134,384	33,251	(102)	26,635	200,737	407,961	366,180	322,626	407,718	566,740	488,929	488,929

Footnotes:

- Beginning cash is for the General Fund only.
- Property tax payments are received in December and April. The County participates in the alternative method of secured property tax apportionment (the TEETER Plan) available under the Revenue and Taxation Code of the State of California.
- VLF- in- lieu payments are apportioned each January and May.
- Teeter cash receipts of \$105 million are reflected in the General Fund because the County will continue to internally fund the Teeter Plan.
- July includes \$327 million for Retirement Advances and OPEB, and \$81.3 million for POBs. September and March have three pay periods. The third pay period does not include health benefits. August includes a 2% (\$18 million) one-time monetary payment of annual base wages.
- July includes \$38.9 million annual lease payment.

APPENDIX E

SCHEDULE OF PLEDGED REVENUE DEPOSITS

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Schedule of Pledged Revenue Deposits

Participant	Note Amount	Term Months	First Repayment Pledge Month			Subsequent Repayment Pledge Month(s)		
			Month	Percent	\$ Amount*	Month	Percent	\$ Amount*
Series A								
County of San Diego	\$ 50,000,000	12	January	60%	\$30,596,667	April	40%	\$ 20,397,778
Series B-1								
Cardiff School District	305,000	7	January	100%	\$ 308,558	April	0%	\$ -
Encinitas Union School District	5,000,000	7	January	100%	\$ 5,058,333	April	0%	\$ -
San Marcos Unified School District	11,240,000	7	January	100%	\$11,371,133	April	0%	\$ -
Sweetwater Union High School District	15,000,000	7	January	100%	\$15,175,000	April	0%	\$ -
Subtotal	\$ 31,545,000							
Series B-2								
Alpine Union School District	1,170,000	10	January	50%	\$ 594,717	April	50%	\$ 594,717
Carlsbad Unified School District	13,570,000	10	January	50%	\$ 6,897,706	April	50%	\$ 6,897,706
Chula Vista Elementary School District	16,915,000	10	January	50%	\$ 8,597,988	April	50%	\$ 8,597,988
Fallbrook Union High School District	2,160,000	10	January	50%	\$ 1,097,940	April	50%	\$ 1,097,940
Grossmont Union High School District	19,270,000	10	January	50%	\$ 9,795,048	April	50%	\$ 9,795,048
Jamul-Dulzura Union School District	775,000	10	January	50%	\$ 393,937	April	50%	\$ 393,937
La Mesa-Spring Valley School District	8,895,000	10	January	50%	\$ 4,521,378	April	50%	\$ 4,521,378
Oceanside Unified School District	13,170,000	10	January	50%	\$ 6,694,384	April	50%	\$ 6,694,384
Ramona Unified School District	2,555,000	10	January	50%	\$ 1,298,721	April	50%	\$ 1,298,721
San Dieguito Union High School District	16,540,000	10	January	50%	\$ 8,407,374	April	50%	\$ 8,407,374
San Ysidro School District	3,345,000	10	January	50%	\$ 1,700,282	April	50%	\$ 1,700,282
Santee Elementary School District	1,385,000	10	January	50%	\$ 704,003	April	50%	\$ 704,003
Subtotal	\$ 99,750,000							
Total Par Amount:	\$ 181,295,000							

* Inclusive of interest. Actual amounts deposited in the Payment Accounts may be reduced by the anticipated investment earnings to be received under an investment agreement, if any, through the Maturity Date of such investment agreement, if any.

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APPENDIX F

FORM OF BOND COUNSEL APPROVING OPINION

July 1, 2011

Participants identified
in the Trust Agreements

County of San Diego and San Diego County School Districts
Tax and Revenue Anticipation Note Program, Note Participations
Series 2011A, Series 2011B-1 and Series 2011B-2
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of San Diego (the “County”), on behalf of itself and various school districts (the “Districts” and together with the County, the “Participants”), in connection with the execution and delivery of \$50,000,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2011A, \$31,545,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2011B-1 and \$99,750,000 aggregate principal amount of the County of San Diego and San Diego County School Districts Tax and Revenue Anticipation Note Program, Note Participations, Series 2011B-2 (collectively, the “Note Participations”), evidencing and representing proportionate and undivided interests in (i) the tax and revenue anticipation notes (the “Notes”) issued by the County on behalf of itself and various school districts identified in the Trust Agreements (as hereinafter defined) and identified in the Official Statement, dated June 1, 2011 (the “Official Statement”), relating to the Note Participations, and (ii) the debt service payments on the Notes to be made by the Participants. The Note Participations are issued pursuant to three separate trust agreements, each dated as of July 1, 2011, between Wells Fargo Bank National Association (the “Trustee”) and the Participants which are a party to the respective trust agreements (the “Trust Agreements”). Each Note is issued pursuant to and by authority of a resolution of each respective Participant, each passed and adopted (collectively, the “Resolutions”) under and by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and designated the respective Participant’s “2011-2012 Tax and Revenue Anticipation Note.”

In such connection, we have reviewed the Trust Agreements, the Resolutions, the Notes, opinions of counsel to the County and the Districts, the Trustee, certificates of the County and the Districts regarding tax and other matters (the “Certificates”), certificates of the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or

matters. Our engagement with respect to the Note Participations has concluded with their execution and delivery, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Participants. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Trust Agreements and the Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest evidenced and represented by the Note Participations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Resolutions, the Notes, the Trust Agreements, the Certificates, and evidenced and represented by the Note Participations, and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities such as the Participants in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes or the Note Participations and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. Each Note constitutes the valid and binding obligation of the respective issuing Participant. The principal of and interest on each Note are payable from the Pledged Revenues (as that term is defined in the respective Resolution) of the issuing Participant and, to the extent not so paid, are payable from any other moneys of such Participant lawfully available therefor.
2. The Resolutions have been duly adopted by the Participants and each constitutes a valid and binding obligation of the respective Participant.
3. The Trust Agreements have been duly executed and delivered by, and constitutes the valid and binding obligations of, the respective Participants which are a party thereto.
4. The Note Participations, upon execution and delivery thereof by the Trustee, are entitled to the benefits of the Trust Agreements.
5. Interest on the Notes paid by the Participants and received by the registered owners of the Note Participations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes represented by the Note Participations and excluded from gross income may depend on the taxpayer's election under Internal Revenue Service Notice 94-84. Interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although it is included in adjusted current earnings when calculating corporate alternative minimum

Participants identified
in the Trust Agreements
July 1, 2011
Page 3

taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of such interest represented by, the Note Participations.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX G

PARTICIPANT NOTE AMOUNTS AND COVERAGE ANALYSIS

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**County of San Diego and San Diego County School Districts
Tax and Revenue Anticipation Note Program
Note Participations, Series 2011**

Note Amounts and Coverage Analysis

Participant	Note Amount	Note Terms (Months)	Base Amounts (1)			TRANS as % of 2011-12 Cash Receipts	Cash Coverage Factors (2)		
			2011-12 Projected Cash Receipts (3)	2011-12 Cash Balance at Maturity	2011-12 Alt. Cash at Maturity		2011-12 Projected Cash Receipts (3)	2011-12 Cash Balance at Maturity	2011-12 & Alt. Cash
Series A									
County of San Diego	\$50,000,000	12	\$3,412,137,421	\$438,928,507	\$257,900,000	1.465%	69.24 x	9.78 x	14.94 x
Series B-1									
Cardiff School District	305,000	7	3,567,548	1,015,136	300,000	8.549%	12.70 x	4.33 x	5.31 x
Encinitas Union School District	5,000,000	7	25,799,918	3,403,245	4,589,561	19.380%	6.16 x	1.68 x	2.60 x
San Marcos Unified School District	11,240,000	7	86,057,219	4,855,136	7,175,000	13.061%	8.66 x	1.43 x	2.07 x
Sweetwater Union High School District	15,000,000	7	253,345,429	22,242,468	50,050,000	5.921%	17.89 x	2.48 x	5.82 x
Subtotal	31,545,000		Subtotal Averages:			11.728%	11.35 x	2.48 x	3.95 x
Series B-2									
Alpine Union School District	1,170,000	10	10,101,759	2,430,370	60,000	11.582%	9.63 x	3.08 x	3.13 x
Carlsbad Unified School District	13,570,000	10	39,234,373	5,992,632	6,460,000	34.587%	3.89 x	1.44 x	1.92 x
Chula Vista Elementary School District	16,915,000	10	118,148,450	15,720,113	9,769,121	14.317%	7.99 x	1.93 x	2.51 x
Fallbrook Union High School District	2,160,000	10	16,781,902	4,224,631	910,047	12.871%	8.77 x	2.96 x	3.38 x
Grossmont Union High School District	19,270,000	10	135,755,301	15,415,094	13,000,000	14.195%	8.05 x	1.80 x	2.48 x
Jamul-Dulzura Union School District	775,000	10	4,520,499	466,578	416,112	17.144%	6.83 x	1.60 x	2.14 x
La Mesa-Spring Valley School District	8,895,000	10	55,355,329	13,148,333	3,312,687	16.069%	7.22 x	2.48 x	2.85 x
Oceanside Unified School District	13,170,000	10	105,970,631	3,852,467	8,100,000	12.428%	9.05 x	1.29 x	1.91 x
Ramona Unified School District	2,555,000	10	31,919,039	2,644,035	2,407,512	8.005%	13.49 x	2.04 x	2.98 x
San Dieguito Union High School District	16,540,000	10	46,967,345	9,736,221	3,800,147	35.216%	3.84 x	1.59 x	1.82 x
San Ysidro School District	3,345,000	10	28,590,312	3,267,242	0	11.700%	9.55 x	1.98 x	1.98 x
Santee Elementary School District	1,385,000	10	30,529,962	1,138,862	2,136,070	4.537%	23.04 x	1.82 x	3.37 x
Subtotal	99,750,000		Subtotal Averages:			16.054%	9.28 x	2.00 x	2.54 x
Total Par Amount: \$181,295,000									

(1) Base Amounts exclude Note Amounts.

(2) Note Amounts have been added to each Base Amount to calculate Cash Coverage Factors.

(3) 2011-12 Projected Cash Receipt are receipts received through the Maturity date of the respective note.

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